

Connecticut's Welfare Reform Initiative

December 2006



Legislative Program Review and
Investigations Committee

Connecticut General Assembly

**CONNECTICUT GENERAL ASSEMBLY
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

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LEGISLATIVE PROGRAM REVIEW
& INVESTIGATIONS COMMITTEE

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Executive Summary

Connecticut's Welfare Reform Initiative

The Jobs First program, Connecticut's welfare program, is financed by both the federal Temporary Assistance for Needy Families (TANF) block grant and state matching funds, known as Maintenance of Effort (MOE) funds. There are two parts to the Jobs First program – temporary family assistance (TFA), which gives cash benefits to clients, and the Jobs First Employment Services (JFES) program, which provides employment services to TFA recipients who are not considered “exempt” from work requirements. For these “time-limited” clients participating in the JFES program, cash assistance is limited to 21 months (although extensions to the time limits are possible) and recipients are required to work or participate in employment services. TFA recipients who are exempt from the JFES program fall under specific exemption categories, and their status can change from exempt to time-limited if their circumstances change.

The Legislative Program Review and Investigations Committee authorized a study of Connecticut's welfare reform initiative in April 2006. The scope of study approved by the committee required the review to: 1) describe the exempt and non-exempt families currently enrolled in the Jobs First program by comparing barriers to employment, financial conditions, and the services received by each group; 2) evaluate the implementation and success of the JFES program including measuring the level of economic change experienced by participants; and 3) describe how Connecticut has allocated its TANF block grant and related state funds.

The TANF block grant was reauthorized in February 2006 by Congress under the Deficit Reduction Act (DRA) of 2005 and contains several changes that will affect how states operate their programs. A major change will require Connecticut to more than double the number of time-limited clients participating in work activities -- from about 2,200 clients to almost 5,000. Failure to meet federally mandated work participation rates (WPRs) could result in a reduction of TANF funds because of potential penalties imposed by the U.S. Department of Health and Human Services (HHS).

The committee believes the goal of the state's welfare program should be focused on not only engaging many more clients in work activities that lead them towards employment in order to meet these aggressive work rates, but to help families become and remain better off. Thus, the reauthorization also provides an opportunity to reassess state policies and set new goals that will help Jobs First clients meet with success. These goals should include helping families address barriers to employment, such as attaining a GED or high school diploma, identification and treatment of substance abuse, and offering work supports to promote employment retention.

The report describes the Jobs First program, highlighting caseload and funding trends, and analyzes recipient characteristics, JFES experience, and outcomes for families based on a study sample of 1,278 welfare clients (1,171 families). The report also discusses the federal earned income tax credit, explains how different poverty measures are used to identify the poor, proposes a variety of recommendations aimed at increasing the work participation rates in

Connecticut, and discusses federal requirements regarding how states must verify that clients are actually engaged in work activities.

Welfare Caseload and Funding Trends

The program review committee found that the Jobs First caseload decreased sharply from approximately 59,000 families in FY 96 to about 20,000 in June 2006. Combined federal TANF block grant and state matching MOE funds totaled \$469.1 million in FFY 06 and were used to fund more than 60 programs across 12 state agencies, departments, and offices.

Welfare Recipient Characteristics and Experience with JFES

Program review committee staff compiled a database consisting of 1,278 Jobs First clients that were granted TFA in October 2003. Based on the study sample, three-quarters were found to have previously received cash assistance, some dating back to the 1990s. Many families faced barriers to employment such as lack of transportation, child care, high school diploma or GED, low math and reading skills, and limited work history.

The committee found that while there was a host of possible JFES work activities, only four were used with any regularity: job search/job readiness; unsubsidized employment; vocational education; and education directly related to employment.

Outcomes for Welfare Families

Approximately one-quarter of the committee's study sample left welfare earning above the federal poverty level; however, there was a dramatic drop in financial condition for many of the families, with almost half of JFES clients having no earnings in the quarter after they left cash assistance. The committee found that the current safety net programs need to be used more often, as early as possible, and be available to those who are unable to seek or maintain employment despite making a good faith effort.

The program review committee also found that more favorable outcomes occurred when JFES clients participated in three or more types of JFES activities, rather than just job search/job readiness training, for example. More favorable outcomes were also associated with having more education (at least a high school diploma or GED), work history and wages prior to TFA case opening, and staying on cash assistance a shorter period of time.

Overall, there were a number of families exempt from work participation with earnings -- some above the federal poverty level -- and there were other families mandated to participate in the JFES program who were not doing so. Some of the difficulty in monitoring families and their earned income and JFES participation is attributed to the current Department of Social Services (DSS) automated system Eligibility Management System (EMS), which was found to have significant limitations.

Given the pressure faced by the state, it is clear that the two agencies responsible for aspects of Connecticut's welfare program, DSS and the Department of Labor (DOL), need to make every effort to capture working clients in the WPR and ensure all required clients are

participating in JFES. The current DSS automated system is a serious barrier to agency staff efficiently and effectively performing their responsibilities.

Earned Income Tax Credit and Poverty Measures

The Earned Income Tax Credit (EITC) is a tax credit that is used by the federal and some state governments for low-income working individuals and families. The committee found Connecticut participation in the federal EITC is low compared to states with similar demographics that have their own EITC programs.

The Standard of Need is used to determine eligibility for TFA, and a separate measure, the Payment Standard, is used to determine the amount of the cash benefit received by families. Neither standard, though, has been updated since the early 1990s. In addition to increasing cash benefits, the committee recommends a revised measure of poverty be established to determine TFA eligibility and the level of cash benefits.

Recommendations for Increasing Work Participation Rate

Clients have historically faced difficult hurdles in obtaining and maintaining employment especially given two features of the Jobs First program: low client payments and the significant drop-off in payments that occurs between the 21st and 22nd month. The TFA cash benefit amount has not been increased since 1991 and actually was reduced in 1995. In addition, although Connecticut allows clients to earn up to the federal poverty level (FPL) without eliminating cash assistance during the 21-month time limit, after that, clients are ineligible if their incomes exceed the very low TFA cash benefit amount, not the FPL. This policy creates a very large and abrupt financial cliff at the very time a client needs this work support. The committee believes that both these issues need to be addressed if the state is going to improve its work participation rate as required by federal law. In the absence of meeting the work participation rate, the state will potentially face financial sanctions, resources that could go to address these two key problems.

Work Activity Verification Requirements

The U.S. Department of Health and Human Services issued interim regulations requiring states to submit a plan detailing how states would ensure clients are actually participating in scheduled activities for the required number of hours as mandated under federal law.

The committee found that the JFES case manager-to- client ratios are too high given the fact that the case managers will be responsible for doubling the number of JFES clients engaged in countable work activities, as well as having the additional administrative burden of verifying client participation in those activities.

Further, more frequent verification of client employment is needed because while case managers make work projections for six-month periods based on a single month of employment, the majority of clients work less than a six-month period.

Recommendations

The committee adopted the following 30 recommendations:

1. The Department of Social Services (DSS) should find a simple way to identify child-only cases, such as adding this category to the reason for exemption menu in EMS.
- 1.
2. EMS levels of alerts should be developed by DSS so that when quarterly wages are found to be above the Federal Poverty Level, they are tagged as a high priority alert, and the appropriate parties can then further research the family's earned wages.
- 2.
3. The Department of Social Services should begin exploring software options to enhance the current Eligibility Management System in a way that will support staff and management in their efforts to efficiently and effectively perform their responsibilities.
4. DSS should give added attention to monitoring families that change from exempt to time-limited status.
5. To more accurately capture families whose cases close because they are earning above the federal poverty level, and therefore receive credit in the work participation rate calculations, DSS should check available wage databases such as the DOL Earned Wage Database and New Hire Wage Database, and update information accordingly.
6. DSS should strengthen its case monitoring to reduce the number of time-limited families that are not enrolled in JFES but are still receiving cash assistance.
7. C.G.S. Sec. 17b-112e shall be amended to increase the use of the Employment Success Program, Prevention Services, and the Safety Net Program to address barriers to employment as early as possible. Requirements regarding the number of sanctions and time-limitations for delivery of the three programs should be relaxed, and clients who have made a good faith effort to seek and maintain employment or who are at risk of unsuccessfully completing the Jobs First Employment Services Program should be served in addition to the current clients served who have *not* made a good faith effort.
8. DOL should increase the intensity of the JFES program by increasing the number of different types of JFES activities that clients participate in as a way to increase JFES program success.
9. More emphasis should be placed on helping TFA recipients gain their GED or high school diploma, including consideration of requiring time-limited clients to enroll in an adult education program if they have been unable to secure employment after trying for one year.
10. More emphasis should be placed on identifying and treating substance abuse.
11. JFES staff should encourage families to prepare for and find employment in the more lucrative sectors.
12. The Departments of Social Services and Labor should use the following strategies to increase federal EITC filing participation rates:

- discuss the EITC at regular client meetings;
 - advertise with posters and flyers in agency offices;
 - insert information in agency mailings to clients; and
 - partner with utility companies to include EITC information in mailings with billing statements.
13. There shall be a study comparing the costs and benefits of adopting a state earned income tax credit program at either 5 percent, 10 percent, 15 percent or 20 percent of the federal earned income tax credit as opposed to using the funds for programs that address barriers to employment, such as child care and transportation.
 14. The Payment Standard shall be increased to the current Standard of Need. The new Payment Standard would be temporary while a more valid methodology for determining the Standard of Need is developed.
 15. The Department of Social Services shall revise the methodology used to establish the Standard of Need for determining eligibility for cash assistance programs and establish payment thresholds consistent with those standards by January 1, 2008. Such standards shall be updated each fiscal year by the Consumer Price Index for urban consumers. The standards may vary by geographical areas and family size. Such standards shall be based on studies of actual living costs and generally recognized inflation indices and shall include reasonable allowances for childcare, shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance, and necessary incidentals. Separate standards may be established for families that reside in subsidized or public housing. Other public in-kind benefits shall be considered when establishing the standards.
 16. Two-parent families enrolled in the Jobs First program should be funded with Separate State Funds.
 17. C.G.S. Section 17b-112(a) shall be amended to allow portions of the Temporary Family Assistance program to operate outside the Temporary Assistance for Needy Families program.
 18. C.G.S. Sec. 17b-112(b)(4) shall be amended to limit the exemption for a single custodial parent caring for a child who is under six months of age rather than one year old.
 19. C.G.S. Sec. 17b-112(d) shall be amended so that a TFA client who earns at or above the FPL during the initial 21-months of TFA eligibility shall have his or her TFA benefit reduced by one-third for three months and an additional one-third for the next three months before becoming ineligible for TFA.
 20. C.G.S. Sec. 17b-112(c) shall be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.
 21. The Department of Social Services shall determine if a client should be granted an extension of Temporary Family Assistance using the Standard of Need as the financial

measure. If a client is eligible for a second or subsequent extension and does not earn at or above the Standard of Need, the client shall receive the full TFA benefit.

22. If a non-exempt family's gross income is below the Federal Poverty Level at the 21-month time limit but above the Standard of Need, the family shall be eligible for two income supplements for three months each. The income supplements shall be a continuation of TFA but at reduced levels. The first supplement shall result in a benefit reduction of one-third of the benefit. If a family receives a second income supplement because income is still below the Federal Poverty Level, the benefit shall be reduced by an additional third.
23. C.G.S. Sec. 17b-112(c) shall be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.
24. C.G.S. Sec. 17b-112(d)(3)(c) shall be amended to increase the child support income disregard for the TFA program from \$50 to \$100.
25. Jobs First Employment Services case managers should review a client's Care 4 Kids application before the client submits it to the Care 4 Kids program in order to ensure it has been completed correctly and the proper documentation has been included with the application.
26. The Department of Social Services should examine its sanction policy to identify issues with regard to inconsistent and/or low enforcement.
27. JFES case managers should verify client employment on a monthly basis by having clients provide copies of pay stubs.
28. C.G.S. Sec. 17b-698 shall be amended to transfer the responsibility of evaluating job training programs funded by the Department of Labor from the commissioner of the Department of Social Services to the commissioner of the Department of Labor.
29. Access to the earned wage database reported by employers to the Department of Labor shall be provided to the Workforce Investment Boards so that they are able to provide outcome information as required by law.
30. The Department of Labor should develop a reasonable definition of employment that will fairly measure the number of JFES clients employed in a given wage quarter and whether they have retained employment in subsequent quarters. The definition should include the length of time a client must be working to be considered employed and the amount of wages a client must have earned in a particular quarter.

Introduction

Welfare Reform

The Jobs First program, Connecticut's welfare program, is financed by both the federal Temporary Assistance for Needy Families (TANF) block grant and state funds. There are two parts to the Jobs First program – temporary family assistance (TFA), which gives cash benefits to clients, and the Jobs First Employment Services (JFES) program, which provides employment services to TFA recipients who are not considered “exempt” from work requirements. For these “time-limited” clients participating in the JFES program, cash assistance is limited to 21 months (although extensions to the time limits are possible) and recipients are required to work or participate in employment services. TFA recipients who are exempt from the JFES program fall under specific exemption categories, and their status can change from exempt to time-limited if their circumstances change.

In April 2006, the program review committee authorized a study of Connecticut's Welfare Reform Initiative. The scope of study approved by the committee required the review to: 1) describe the exempt and non-exempt families currently enrolled in the Jobs First program by comparing barriers to employment, financial conditions, and the services received by each group; 2) evaluate the implementation and success of the JFES program including measuring the level of economic change experienced by participants; and 3) describe how Connecticut has allocated its TANF block grant and related state funds.

The TANF program was reauthorized in February 2006 by Congress under the Deficit Reduction Act (DRA) of 2005 and contains several changes that will affect how states operate their programs. A major change will require Connecticut to more than double the number of time-limited clients participating in work activities. Failure to meet federally mandated work participation rates (WPRs) could result in the loss of TANF funds.

The committee finds that the changes in the DRA have increased the pressure on states, including Connecticut, to enroll clients in countable activities in order to meet WPRs. As a result, the JFES program, as currently structured, will most likely fail to meet the WPR without program changes and thus the state faces potential penalties (a \$13 million reduction in the TANF block grant received the first year and steeper reductions in subsequent years).

Connecticut will face considerable obstacles in meeting the new federal work participation rates. However, based on the results of a sample of welfare clients, the committee made a number of findings that suggest steps the state can take to improve its work participation rate, some administrative:

- *there are some exempt and time-limited clients who are working but currently are not being counted toward the WPR;*
- *some time-limited clients are not participating in JFES and are falling through the cracks even though their 21-month time counters are running;*

- *many single mothers, while exempt from participating in JFES due to caring for a child under one, actually have jobs;*
- *most individual JFES activities do not make much of a difference in terms of clients obtaining employment but the combination of multiple types of activities do; and*
- *clients frequently switch between exempt and time-limited status.*

Given the pressure faced by the state, it is clear that the two agencies responsible for aspects of Connecticut's welfare program, the Department of Social Services (DSS) and the Department of Labor (DOL), need to make every effort to capture working clients in the WPR and ensure all required clients are participating in JFES. The current DSS automated system is a serious barrier to agency staff efficiently and effectively performing their responsibilities.

The committee found many families left cash assistance without jobs. The current safety net programs need to be used more often as early as possible, and be available to those who are unable to seek or maintain employment despite making a good faith effort.

The committee believes the goal of the state's welfare program should be focused on not only engaging many more clients in work activities that lead them towards employment in order to meet these aggressive work rates, but to help families become and remain better off. Thus, the reauthorization also provides an opportunity to reassess state policies and set new goals that will help Jobs First clients meet with success. These goals should include helping families address barriers to employment, such as attaining a GED or high school diploma, identification and treatment of substance abuse, and offering work supports to promote employment retention.

Recommendations put forth by the committee focus on rewarding work in order for families to achieve economic and employment stability. Clients have historically faced difficult hurdles in obtaining and maintaining employment especially given two features of the Jobs First program: low client payments and the significant drop-off in payments that occurs between the 21st and 22nd month. The TFA cash benefit amount has not been increased since 1991 and actually was reduced in 1995. In addition, although Connecticut allows clients to earn up to the federal poverty level (FPL) without eliminating cash assistance during the 21-month time limit, after that, clients are ineligible if their incomes exceed the very low TFA cash benefit amount, not the FPL. This policy creates a very large and abrupt financial cliff at the very time a client needs this work support. The committee believes that both these issues need to be addressed if the state is going to improve its work participation rate as required by federal law. In the absence of meeting the work participation rate, the state will face financial sanctions, resources that could have gone to address these two key problems.

Another program that supports working families is a state earned income tax credit (EITC). Currently, the committee found Connecticut participation in the federal EITC is low compared to states with similar demographics that have their own EITC programs. Thus, it also is an effective way for a state to maximize participation in the Federal EITC program. Therefore, the committee recommends a study comparing the costs and benefits of adopting a state earned income tax credit program versus using the funds for programs that address barriers to employment, such as child care and transportation.

Methods

Program review committee staff reviewed national literature as well as Connecticut specific studies conducted on welfare. Federal and state laws and regulations, as well as DSS policies and procedures governing TANF, were also examined. The committee held a public hearing in October 2006 to solicit testimony from clients, advocacy groups, DSS, DOL, and others on the impact of Connecticut's welfare reform initiative.

Committee staff also conducted a multitude of on-site interviews with key stakeholders. These included legislators, legislative staff, members of the TANF Council, DSS and DOL central office and regional staff, Connecticut Employment and Training Commission (CETC) members, staff from the Office of Workforce Competitiveness (OWC), directors of the Workforce Investment Boards (WIBs), and advocacy organizations. Appendix A contains a list of the more than 20 organizations and other interested parties interviewed and a summary of the trends found in these interviews.

Program review committee staff compiled a database consisting of 1,278 Jobs First clients that were granted TFA in October 2003. Answers to many of the study questions are based on the background and experiences of these clients throughout their time on TFA, in contrast to a snapshot approach of all TFA recipients at a given point in time. Committee staff built a database from four automated sources: 1) DSS' Eligibility Management System; 2) DOL's CTWorks Business System; 3) DOL's Wage Records Database; and 4) DOL's Unemployment Insurance Benefits Database.

The study also provides additional information on current federal and state welfare funding streams, changes that occurred over time during the transition from AFDC to TANF funding, and the types of programs being funded.

Report Format

The report contains eleven chapters. Chapter One provides an overview of welfare reform in Connecticut, discusses the administrative structure of the program, and outlines major program components. The second chapter identifies funding sources available to operate the TFA and JFES programs and provides caseload and funding trends. Chapter Three describes the case flow process from initial application for TFA through system exit. Chapter Four examines the programs available for TFA recipients. Chapters Five, Six, and Seven analyze recipient characteristics contained in the 1,278 sample cases (representing 1,171 families), describe their experiences with JFES, and examine outcomes of the sample client population.

Chapter Eight discusses the federal earned income tax and proposes study of a state EITC program for Connecticut. Chapter Nine explains how different poverty measures are used to identify the poor and recommendations are put forth modifying the thresholds for TFA eligibility and extension criteria. Chapter Ten proposes a variety of recommendations aimed at increasing the work participation rates in Connecticut. Finally, the last chapter discusses federal requirements regarding how states must verify that clients are actually engaged in work activities, and outcomes reported by various state agencies and other organizations. Committee recommendations may be found in the relevant chapters.

Agency Response

It is the policy of the Legislative Program Review and Investigations Committee to provide agencies subject to a study with an opportunity to review and comment on the recommendations prior to publication of the final report. Appendix GG contains responses from the Department of Social Services and the Department of Labor.

An Overview of Welfare Reform in Connecticut

Connecticut's welfare system has undergone dramatic changes in the 13 years since the Department of Social Services initially obtained a waiver in 1993 from the U.S. Department of Health and Human Services (DHHS). The waiver, which was modified in 1995, allowed Connecticut to deviate from the rules of the earlier national welfare program called Aid to Families with Dependent Children (AFDC), now referred to as Temporary Assistance for Needy Families, and be one of the first states in the country to embark on a major reform of its welfare system. Implemented in 1996, Connecticut's Reach for Jobs First program, renamed Jobs First in 1997, uses a three-prong approach to encourage clients to transition from welfare to work:

3. a limitation of 21 months of cash assistance, called "Temporary Family Assistance" for certain welfare recipients classified as time-limited (although extensions to the time limits are possible);
4. a "work-first" approach, requiring recipients to work or participate in employment services intended to assist in finding jobs quickly (called the "Jobs First Employment Services Program"); and
5. a financial work incentive that permits employed recipients to retain their full welfare grant for up to two years.

Figure I-1 shows a timeline of key legislative actions to reform welfare, beginning in 1992 when the Connecticut General Assembly established a task force to study whether the welfare system needed to be changed. As the timeline shows, there have been several modifications to the state and federal welfare system, culminating in the recent passage of the Federal Deficit Reduction Act of 2005 that reauthorizes TANF until the year 2010. The DRA modifies welfare further by strengthening work requirements and requiring states to verify that clients are actually engaged in work activities. These changes are discussed fully in Chapters Ten and Eleven of this report.

Components of federal welfare reform. In August 1996, six months after Connecticut began implementing the Reach for Jobs First program, the U.S. Congress passed national legislation -- the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193, also known as PRWORA). Eliminating entitlement programs such as AFDC, Emergency Assistance (EA), and Job Opportunities and Basic Skills Training (JOBS) programs under Title IV of the Social Security Act, PRWORA embraced many of the reforms that were already underway in Connecticut. The act established the TANF program, a non-entitlement federal block grant, which replaced the AFDC entitlement program. The federal law established a five-year lifetime limit for assistance for most recipients and mandated work requirements.

Figure I-1. Welfare Reform Timeline in CT

1992	P.A. 92-16 creates task force to study reform of CT's welfare system.
1993	P.A. 93-418 directs DIM commissioner to seek federal waiver from AFDC rules to operate "Fair Chance" program that encourages work by disregarding earned and other income, increasing cash asset limits, removing disincentives for single parents to marry, and setting different "need standard."
1994	P.A. 94-5 creates a 12-member council to oversee implementation of the federal waiver and reporting requirements.
1995	P.A. 95-194 establishes Reach for Jobs First program and directs commissioner to modify waiver to: <ul style="list-style-type: none"> •limit the amount of time most families can receive cash assistance to 21 months; •mandate participants participate in employment services; •reduce payments if recipient has additional child(ren); •increase income disregards; •define recipients exempt from work requirements and time-limits; and •establish a 5-year wait for new immigrants to be eligible for welfare assistance.
1996	P.L. 104-193 adopted by Congress creating the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 – establishes Temporary Assistance for Needy Families. TANF requirements include: <ul style="list-style-type: none"> • limits of 60 months cash assistance for most families; • limits the number of recipients exempt to 20 percent maximum; • requires MOE; • establishes work participation rates (25% in 1997, increased to 50% in 2002); and • allows states to continue to operate under waiver if state has one (CT does).
1997	P.A. 97-2, DSS officially creates Jobs First program with Temporary Family Assistance (TFA) becoming name of the cash assistance program. The act also allows: <ul style="list-style-type: none"> •families to petition DSS commission for a six-month extension to the 21-month time limit; •indefinite extensions for families that can show good faith effort; •creates safety net program for families who lost or are at risk of losing cash assistance; •creation of a state-funded cash assistance program for new immigrants; •transfers jobs program from DSS to DOL; •requires DSS and DOL establish MOU to enhance services and study feasibility of using one-stop process and co-locating offices; and •12-member oversight council continues and DSS and DOL update council monthly (called TANF Council).
1999	P.A. 99-279 permits TFA households that became temporarily eligible for assistance because of worker's compensation to disregard earnings up to the federal poverty level if the injured person returned to work as soon as she stopped collecting the compensation. Also codified DSS's Transitional Rental Assistance Program (T-RAP) and required DSS run the program within available appropriation.
2000	P.A. 00-204 directs DOL in cooperation with DSS and within available appropriation to provide state-funded work-study slots to TFA recipients and other needy individuals in: 1) training programs certified under WIA; and 2) training and education programs at public higher education institutions--so that TFA recipients will not need assistance by the end of their time limit and participants can become more economically self sufficient.
2001	P.A. 01-2, DSS makes several changes including: <ul style="list-style-type: none"> •limits recipients to three six-month extensions allowed to the TFA time limit (DSS commissioner could grant a 4th extension in certain circumstances); •establishes maximum 5-year limit on assistance and specifies that assistance provided by another state be counted; •extends existing exit interview requirements to families that had been granted extensions; •terminates TFA if non-exempt recipients fails to attend JFES appointments or comply with program rules; •prohibits an unmarried minor parent without a high school diploma from receiving TFA unless earning a diploma; and •reduces child support disregard from income of \$100 to \$50.
2003	P.A. 03-2 reduces the number of extensions allowed from three to two; reduces income eligibility for transitional child care benefits from 75% to 55% of statewide median income; and reduces adult Medicaid income limits.
2004	P.A. 04-258 (amended by P.A. 04-2, MSS) DSS cannot grant TFA to applicants before they attend initial scheduled employment services assessment interview and work on their employment plan unless not completed within 10 days nor delay TFA if DSS does not complete assessment within 10 days (called "universal engagement").
2005	P.A. 05-280 reduces from 2 years to 1 year the period of transitional Medicaid for TFA leavers; restores Medicaid eligibility for adult caretaker relatives with cost sharing for these adults. P.L. 104-198 (Deficit Reduction Act) reauthorizes TANF with new work requirements that states must verify.

Under PRWORA, states were given flexibility to design their programs within certain parameters. The act changed the welfare funding formula by replacing the open-ended federal funding of AFDC that matched state expenditures, with the federal TANF block grant that provides fixed federal funding and requires a specified matching level of state spending, called maintenance of effort (MOE). Under AFDC, Connecticut received a 50 percent federal match regardless of enrollment caseload.

The new law shifted the fiscal risk for managing the program's costs from the federal government to the states. As a result, states were given broader discretion over the types of services and activities to fund in order to meet welfare reform goals and could set different eligibility criteria depending on the type of program being offered. The 2005 Deficit Reduction Act tightened some requirements, restricting discretion over what are allowable work activities.

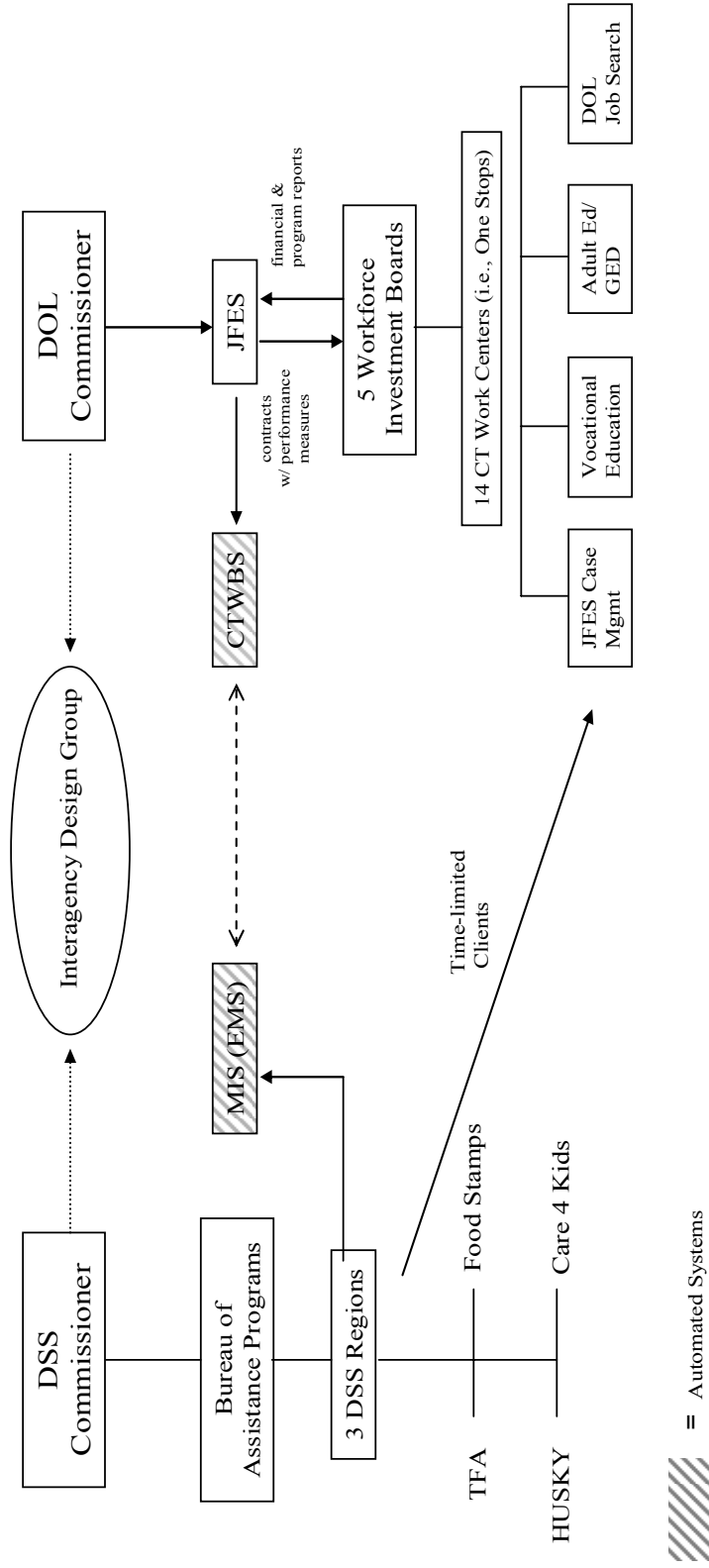
Jobs First Administrative Organization

Administration of the Jobs First program is currently divided between two state agencies -- DSS and DOL. The social services department determines eligibility for benefits and administers the cash assistance portion of the program (TFA). Most Jobs First clients also receive other assistance from DSS-administered programs, including medical services under the HUSKY program, food stamps, daycare under the Care 4 Kids program and rental assistance; all described more fully in Chapter Four.

The labor department operates the employment services portion of the program, called JFES, for clients that are time-limited. Time-limited clients are non-exempt from job requirements and must participate in job activities and are, as the term implies, cut off from cash assistance after a period of time. The JFES program provides employment services such as job search assistance and skills training to time-limited Jobs First clients. The department contracts for these services through CTWorks -- a partnership of the Department of Labor, five regional Workforce Investment Boards (WIBs), and other state and local agencies -- to promote workforce development. The JFES program is described in Chapter Four.

Organizational structure. Figure I-2 shows the relationship between the entities involved in the operation of the Jobs First program. The WIBs are statutorily required under federal law and receive federal funds under WIA, the federal Workforce Investment Act. They also receive state MOE funds through contracts with the Connecticut labor department who contract with the WIBs for case management services. The WIBs, in turn, subcontract for case management services to develop Jobs First clients' employment plans and perform assessments (WIBs are prohibited by state and federal laws from operating any program without special exception). WIBs also contract with a variety of other programs, described later in this report, based on client assessment outcomes. The Connecticut Department of Labor retains part of JFES funding for direct employment services that are provided in the region and assist clients with job search activities. Clients actually access services at one of 14 state "one-stop centers," known as Connecticut Works (CTWorks) centers. JFES case managers and DOL regional staff are located at these centers.

Figure I-2. Jobs First Program – Agency Organization



Source: LPR&IC

Interagency Design Group. The JFES Design Group (referred to in Figure I-2) was informally established in order to monitor the implementation of the JFES program and to address issues of concern among various stakeholders. The group meets monthly and includes three representatives each from DOL, DSS, and each of the WIBs. The group is responsible for promoting continuous improvement in JFES and initiating new policies to meet client needs.

TANF Council

State law (C.G.S. Sec. 17b-29) establishes a statutory oversight council, created initially in 1994 to oversee the implementation of the federal waiver for the AFDC program. Its charge was modified in 1997; the council is now required to monitor the Jobs First program. The council meets at least quarterly and DSS and DOL update the council on TFA and JFES implementation. The council submits recommendations to each of these agencies on issues including child care, family planning and pregnancy prevention information, client education rights and responsibility, Medicaid coordination, time limits and increased sanctions, and the fiscal impact of program changes.

Most recently, the council has held meetings to determine what the impact of the recently adopted federal DRA and ensuing regulations on Connecticut's TFA population will be, how funding will be affected, and whether program delivery and services offered need to be modified. The council will continue to monitor and make recommendations on how DSS and DOL should implement these changes.

Key Features of Connecticut's Jobs First Program

Eligibility criteria. Table I-1 shows the key components of the Jobs First program as it is currently operated (for information on selected other states' programs, see Appendix B). To be eligible for the Jobs First program, families and pregnant women must meet the definition of a needy family. Connecticut defines a needy family as one with gross income less than 75% of CT's median income level¹ and include a dependent child and a caretaker relative.² There are also asset limits that are shown in the table. A dependent child must be either:

- less than 18 years of age;
- 18 years of age and attending secondary school or its equivalent; or
- less than 24 years of age and attending a postsecondary school and considered a dependent student through the Free Application for Federal Student Aid (FAFSA) process.

A Jobs First client must comply with other provisions of the law, including any child support enforcement actions needed, and participate in JFES if a non-exempt individual. The program requirements, including agency administration and responsibilities, are described more fully in Chapter Three.

¹ The median income for a family of three in Connecticut was \$56,271 in 2006.

² For example, to be eligible for TFA for a family of three in Region B (See Appendix C for towns) in Connecticut, monthly income must be at or below \$745, assets in savings cannot exceed \$3,000, and a vehicle cannot be worth more than \$9,500.

Table I-1. Major Provisions of Jobs First Program in Connecticut

<i>Provision</i>	<i>Provision</i>
<p><i>Time Limits</i></p> <ul style="list-style-type: none"> • 21 months of benefits if employable recipient • Multiple six month extensions available for those who “time out” and qualify under certain criteria (more restrictive for 3 or more extensions) • Must participate in JFES program or face sanctions 	<p><i>Exemptions from Time Limits</i></p> <ul style="list-style-type: none"> • “Child-only” cases¹ • Adult family member is: incapacitated; age 60 or older; caring for child under age one and child was not conceived while parent was receiving cash assistance; a pregnant or postpartum woman and has a doctor’s certificate stating that she is unable to work; unemployable; or a minor parent if not head of household
<p><i>Child Support Enforcement Services</i></p> <ul style="list-style-type: none"> • Locating absent parents • Establishing paternity • Getting, changing, and enforcing support orders • Collecting and distributing child support to families 	<p><i>Family Cap</i></p> <ul style="list-style-type: none"> • Families who conceive children while on welfare will receive half of the increase that would normally be granted for an additional household member
<p><i>Income Incentives</i></p> <ul style="list-style-type: none"> • Families can keep all earnings up to the federal poverty level (FPL) with no reduction in benefits • \$50 of income earned from child support is disregarded 	<p><i>Transitional Rental Assistance</i></p> <ul style="list-style-type: none"> • Rental assistance for families who do not qualify for an extension because their income is above the payment standard (within available appropriation)
<p><i>Health Care</i></p> <ul style="list-style-type: none"> • Medicaid continues for a minimum of one year after leaving welfare for work • Husky medical coverage is available to children of any income level who qualify. Families with higher incomes pay premiums or co-pays 	<p><i>Safety Net</i></p> <ul style="list-style-type: none"> • Arrange for services for families who do not qualify for an extension (because of noncompliance with program rules) • Individual Performance Contracts (IPCs) are established for families who are at risk of not qualifying for an extension because of prior non-compliance with employment services requirements
<p><i>Child Care</i></p> <ul style="list-style-type: none"> • Help with child care costs for those who qualify. Child care assistance continues for working families, after leaving welfare, as long as household income is below 55% of state median income 	<p><i>Other Benefits</i></p> <ul style="list-style-type: none"> • Families are allowed up to \$3,000 in savings or other assets • Families may own a reliable car valued up to \$9,500 • Many families receive food stamps • Earnings of dependent students are not counted
<p><i>Two Parent Families</i></p> <ul style="list-style-type: none"> • Families can receive help even if both parents are in the home 	<p><i>Fraud Reduction</i></p> <ul style="list-style-type: none"> • To reduce fraud, families are required to cooperate with digital imaging of recipients
<p>¹A “child-only” case is where the adult in the family is not counted when calculating the assistance amount because the adult is: not the child’s parent; is the child’s parent and receives Supplemental Security Income for a disability; or is an ineligible alien. Any relative, legal guardian or individual acting in loco parentis may receive assistance for a child. Source: DSS and DOL.</p>	

Time-limited versus exempt clients. Table 1-1 also shows the criteria used to determine if a case is time-limited (i.e., non-exempt) or exempt from job participation requirements. The major criteria used to determine whether a client is time-limited or exempt from time limits and job requirements are described fully in Chapter Three.

Work Participation Rate Requirements under Federal Law

In order for states to receive full TANF block grant funding, federal law requires states to prove that a certain number of their welfare recipients are involved in work activities by meeting federally specified work participation rates. The 1996 law reforming the welfare system (PRWORA) provided for a phase-in of the WPR requirements. Beginning in 1997, states had to have 25 percent of their caseloads participating in countable work activities--with five percent annual increases each year -- to meet a WPR of 50 percent of all time-limited families by 2002 (and 90 percent for two-parent welfare families). The phase-in gave states time to change their welfare programs from providing ongoing cash assistance to preparing welfare recipients to enter the workforce. Also, a caseload reduction credit, described later in Chapter Ten, provided further relief for states.

The reauthorization of the TANF block grant program under the federal DRA ushers in many changes. The act significantly increases the number of adults that states must have meet the TANF work participation requirements and adds new verification requirements that states must adhere to in documenting the number of hours that adult members of these families are engaged in work activities. As a result, states will be facing considerable pressures over the next year to substantially increase the percent of welfare recipients engaged in work activities in order to meet federally mandated WPR. Failure to meet the higher WPR, or to follow the verification procedures, could result in significant fiscal penalties being imposed on states.

Specifically, the DRA makes four key changes to the WPR structure. It:

- modifies the caseload reduction credit so that as of October 1, 2006, adjustments to participation rates are based on caseload declines after 2005 rather than after 1995;
- specifies that as of October 1, 2006, a state's participation rate calculation will be based on the combined number of families receiving assistance in TANF and state-funded programs that count toward the state's MOE requirement.³ (Programs funded solely with state MOE dollars did not count toward work rates under the previous law.);
- requires HHS adopt regulations no later than June 30, 2006, specifying uniform methods for reporting hours of work, the type of documentation needed to verify reported hours of work, whether an activity can be treated as one of the federally listed work activities for purposes of participation rates, and the circumstances under which a parent who resides with a child receiving assistance should be included in the work participation rates; and

³ Federal standards require states to maintain historical levels of state spending of at least 75 percent of what they were spending in FY 94 on cash assistance-related programs, known as maintenance of effort (MOE) spending.

- establishes two penalties – one if a state fails to meet the WPR (5 percent of a state’s TANF block grant the first year) and a separate penalty of up to 5 percent of a state’s block grant if a state fails to implement verification procedures and internal controls consistent with the regulations (this is discussed in the Chapter Eleven).

Effective October 1, 2006, the all-families work participation requirement is 50 percent and the two-parent work participation requirement is 90 percent; both rates are then reduced by the number of percentage points by which the state’s caseload falls below 2005 levels for reasons other than eligibility rule changes.

Impact on Connecticut

To increase work participation rates significantly, states will have to engage more recipients in welfare-to-work activities. Based on July 2006 estimates produced by Connecticut’s labor department, 9,972 Jobs First recipients will be federally mandated to participate and 4,986 (50 percent) will need to meet the federal participation requirements. Based on this data, the Departments of Labor and Social Services estimate that about 2,181 Jobs First recipients were engaged in work activities that meet the 30-hour threshold needed to count toward inclusion in the WPR. Thus, Connecticut faces a major and very difficult undertaking, given that Connecticut will have to increase participation by 128 percent.

The penalty for not meeting the participation requirements is up to 5 percent (\$13 million) of Connecticut’s \$266.8 million TANF Block Grant the first year and would increase by 2 percent (\$5 million) per year for each subsequent year of noncompliance.

The new work mandates will require the commitment of additional resources not only to the JFES program, but also to the state’s child care program, Care 4 Kids. Jobs First program changes will focus on how to quickly increase Connecticut’s WPRs in order to avoid hefty federal monetary penalties and identify better strategies to engage more Jobs First recipients in work activities. Any debate will most likely include whether the Jobs First program, as it is currently structured, is adequate or should be modified to provide more support to clients facing significant barriers to employment and/or increase opportunities for working clients to achieve greater economic self-sufficiency. Committee recommendations aimed at increasing the WPR are contained in Chapter Ten.

WPR components. The WPR has two components and is unchanged by the 2005 DRA. It applies to cash assistance recipients who must participate in work activities (non-exempt) and includes the:

- minimum number of hours Jobs First non-exempt recipients must participate in order to be counted as engaged in work activities (shown in Table I-2); and
- percentage of Jobs First non-exempt recipients that a state must have engaged in work activities (50 percent for single-parent and 90 percent for two-parent).

Table I-2. Hours Required by Type of Recipient in order to Count toward WPR	
<i>Type of Recipient</i>	<i>Required No. of Hours on Avg. per Week</i>
Two parents	35
Single parent	30
Single parent with child under 6 years old	20
Single parent under 20 years old	Satisfactory school attendance or equivalent
Source: GAO-05-821, Welfare Reform, p.27.	

Types of activities that states can count toward meeting WPRs. Federal law outlines 12 categories of work activities that count in calculating WPR (Table I-3). These are further subdivided into two types -- core and non-core activities. As the table shows, only a few of the core activities are limited for WPR purposes while those in the non-core category all have time restrictions imposed. Hours spent in some non-core activities do not count toward the WPR unless 20 hours are also spent in other countable core activities. A more detailed description of each of these activities is found in Appendix D.

Table I-3. Allowable Categories of Federal Work Activities and Federal Limitations On Counting Time in Those Activities when Calculating a State's WPR	
<i>Activity</i>	<i>WPR Limitation</i>
Core Activities	
Unsubsidized Employment	None
Subsidized Private Sector Employment	None
Subsidized Public Sector Employment	None
Work Experience	None
On-the Job Training	None
Job Search and Job Readiness Assistance	6-week annual time limit no more than 4 weeks consecutively
Community Service Programs	None
Caring for Child of Community Service Participation	None
Vocational Education Training	12-month total time limit per client; no more than 30 percent of states WPR can include this activity
Non-Core Activities	
Job Skills Training directly related to employment	Counts only after accumulating 20 hours in core activity
Education directly related to work	Counts only after accumulating 20 hours in a core activity (except if under 20 years old)
Satisfactory attendance at high school or equivalent	Counts only after accumulating 20 hours in a core activity (this is considered a core activity if under 20 years old)
Source: GAO-05-821 Welfare Reform, p. 8.	

TANF reauthorization. Reauthorization of DRA makes several significant changes, effective October 1, 2006, that will impact countable work activities. Under PRWORA, states were given considerable flexibility in defining allowable work activities as long as they fell into one of the twelve categories. However, the General Accountability Office (GAO) issued a study in 2005 that found states used a range of different definitions and there was little consistency among states.⁴ The report further noted some states counted questionable activities with little

⁴ Government Accountability Office, Welfare Reform: HHS Should Exercise Oversight to Help Ensure

oversight by the federal Department of Health and Human Services (HHS). Thus, a state's high participation rate in a given activity may indicate actual high participation in a distinct set of activities, or it may reflect differences in definitions -- for example, one state included activities to promote a healthier life style, such as personal journaling, motivational reading, exercise at home, smoking cessation, and weight loss promotion as a Job Search/Job Readiness activity; while other states did not allow this.

As a result of the GAO study, DRA requires the adoption of federal regulations that define:

- the specific work activities that are "countable" toward the WPR (rather than allowing states to use their own definitions of activities); and
- uniform methods for tracking, verifying, and reporting each recipient's participation hours.

Interim regulations were issued on June 29, 2006. The department accepted comments on the regulations until August 28, 2006, and the interim regulations are effective as published until HHS revises them. The department asked states that believe they cannot meet the required participation rates without state legislative action to submit comments explaining why and to make suggestions on how HHS should use the "reasonable cause" exemption to provide penalty relief.

Although the new work definitions will not have any significant adverse consequences for Connecticut since the state's definitions were similar (and Connecticut adopted the federal definitions as of October 1, 2006), the state will need to develop a process that will track and validate recipient participation in countable work activities. All states were required to submit plans to HHS for approval on how they will verify work participation by clients. Connecticut's plan is described in detail in Chapter Eleven.

Summary

There have been many changes to Connecticut's welfare program since family entitlement to cash assistance (AFDC) was eliminated in 1996 and the state moved to a time-limited program with work participation requirements for many of its recipients (TANF). Since then, cash assistance spending has fallen over the decade, driven by declining caseloads, no cost-of-living increases granted since 1991, and an actual reduction in payment in 1995.

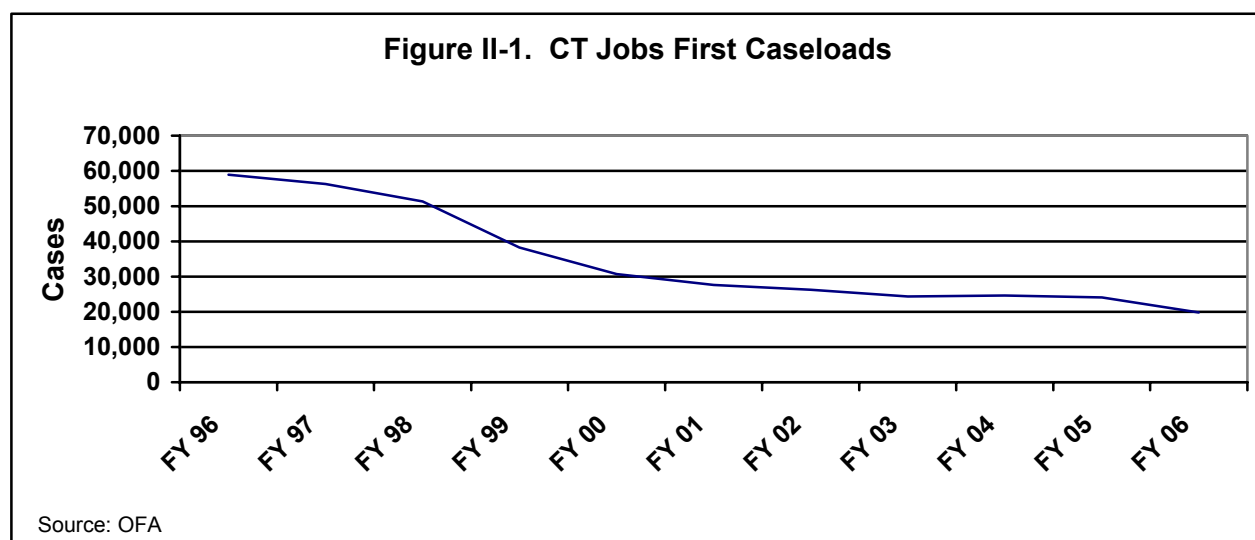
Additional program changes are contained in the 2005 DRA that reauthorized the federal TANF program. Effective October 1, 2006, the DRA modifies TANF by significantly increasing the number of adults that states must have meet the TANF work participation requirements, defining acceptable work activities, and requiring states to verify time-limited recipients are actively engaged in work activities. The act requires more TANF recipients be engaged in work activities or states could receive significant fiscal penalties in the form of TANF block grant reductions. Issues surrounding how work participation rates will be calculated to determine if states are meeting the DRA are discussed in Chapter Ten.

Chapter Two

Jobs First Caseload and Funding Trends

This chapter examines changes in the Jobs First client population since 1996, and how the Temporary Assistance for Needy Families and state Maintenance of Effort funds have been used to support the four goals of the TANF program. The program review committee collected caseload and financial information from the two state agencies involved in administering the Jobs First Program -- DSS and DOL.⁵ The information obtained from DSS focuses on the cash assistance portion of the program for both exempt and non-exempt clients. The labor department produces reports on Jobs First clients who participate in Jobs First Employment Services activities. These participants include both time-limited clients and those who are exempt but choose to voluntarily participate in JFES.

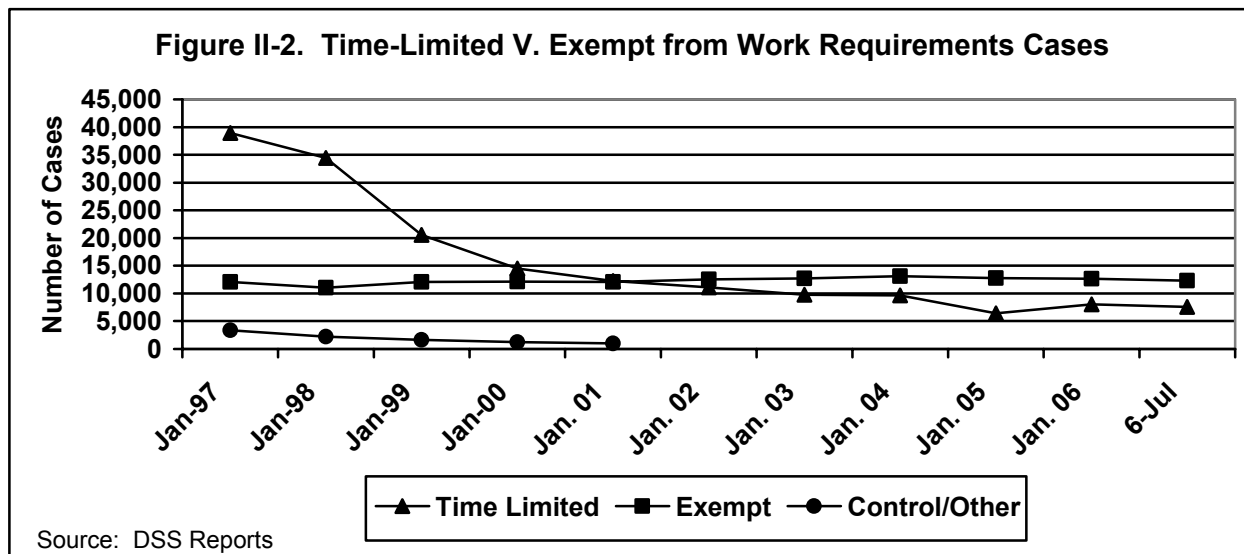
Overall Jobs First caseload. Figure II-1 shows the dramatic drop in the average monthly Jobs First caseload since FY 96. While caseloads decreased 66 percent -- from an average monthly caseload of almost 59,000 in FY 96 to about 20,000 in June 2006 -- the greatest drop occurred between FY 98 and FY 00 when many of the first recipients obtained jobs or reached the time limits and were removed from the welfare rolls. As of June 30, 2006, there were 42,154 Jobs First recipients -- 13,034 were adult recipients and 29,120 were children.



Time-limited versus exempt. Figure II-2 trends the number of cases that were time-limited and therefore subject to the 21-month time limit and those exempt from participation in JFES. For the first six years of the program, Connecticut operated under a federal waiver and placed some clients in a control group to measure certain waiver elements. The waiver expired in 2001 and those recipients were placed into either the time-limited or exempt category. Over the years, as shown in the figure, not only have caseloads shrunk significantly since the advent of welfare reform, but since FY 01 the number of exempt cases has either equaled or exceeded

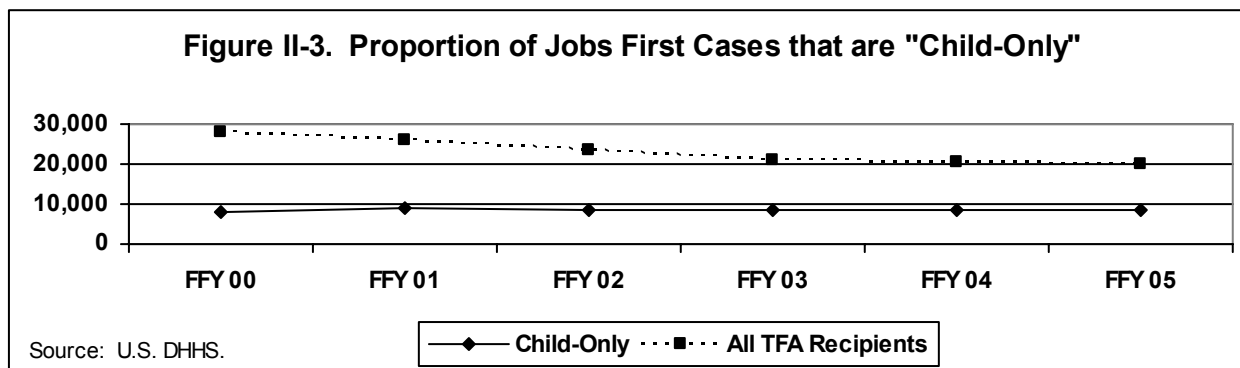
⁵ Caseload data contains the entire assistance unit while clients refer only to the individual.

those that are time-limited. As of June 2006, there were 7,555 cases that were time limited and 12,305 exempt.



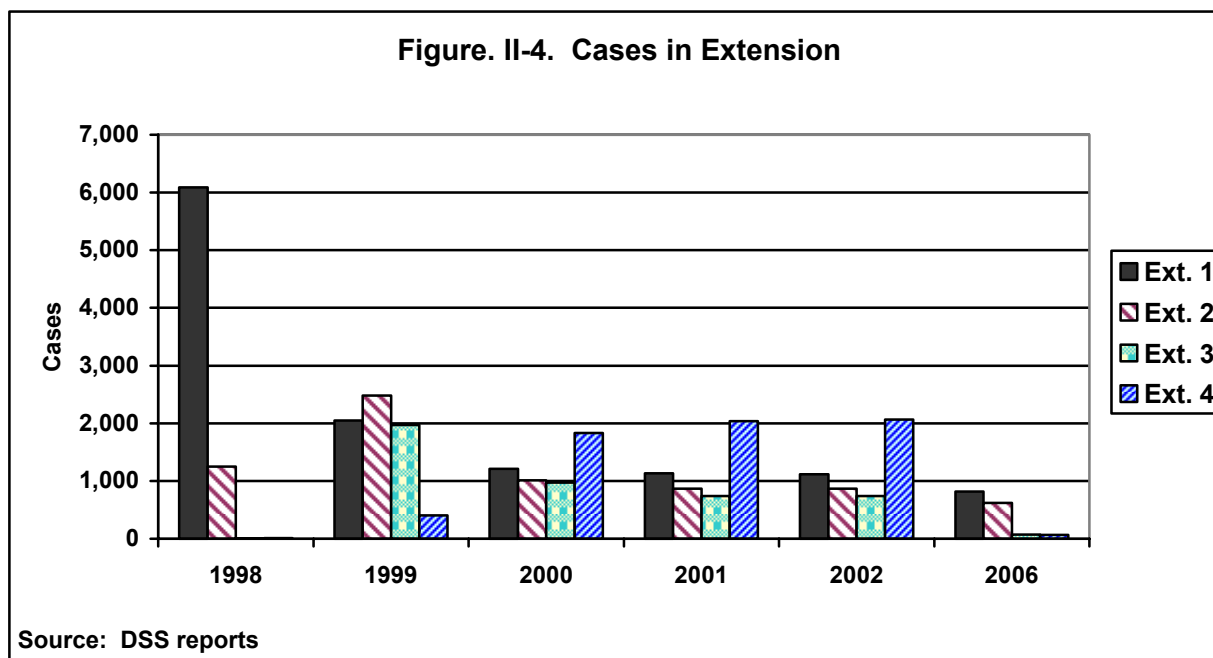
DSS noted a steady decline in the time-limited Jobs First caseload from FY 04 to FY 05: “The exempt caseload has remained fairly stable over the past year while the time-limited caseload has shown a steady decline on average of approximately 120 cases per month. The drop in families served was attributed to declining applications for assistance and to the impact of the requirement of engagement at DOL prior to qualification for benefits.”⁶

Figure II-3 compares the number of “child-only” cases to the total Jobs First caseloads for each federal fiscal year since 2000. While the number of “child-only” cases has remained relatively steady, they represent a greater percent of the shrinking TFA caseload. “Child-only” cases comprised about 28 percent of the total caseload in FY 00 and 43 percent by FFY 05. “Child-only” cases accounted for almost 70 percent of the 12,614 exempt cases as of June 2006. Thus, the traditional notion that welfare is a “family” program is not entirely true given that almost half the Jobs First caseload supports only children.



⁶ DSS Report to the TANF Council, October 5, 2005.

Clients in extensions. Figure II-4 shows the number of clients who received one or more extensions and the extension number for six points in time for which data were readily available. In 2003, it became much more difficult to gain more than two extensions when the legislature adopted stricter criteria under P.A. 03-2. In June 2006, there were 1,438 clients on their first or second extension, and 138 clients with three or more. Almost all of the clients in their first or second extension were granted the extension because they had made a “good faith effort” to comply with program requirements, but still were below the financial thresholds used to determine continued eligibility. Reasons for receiving more than two extensions included multiple barriers to employment, followed by households experiencing issues of domestic violence.



Clients under sanction. When a time-limited client does not comply with an employment service requirement without good cause, the client is sanctioned through a penalty process. During the first 21 months, the penalties are imposed as follows:

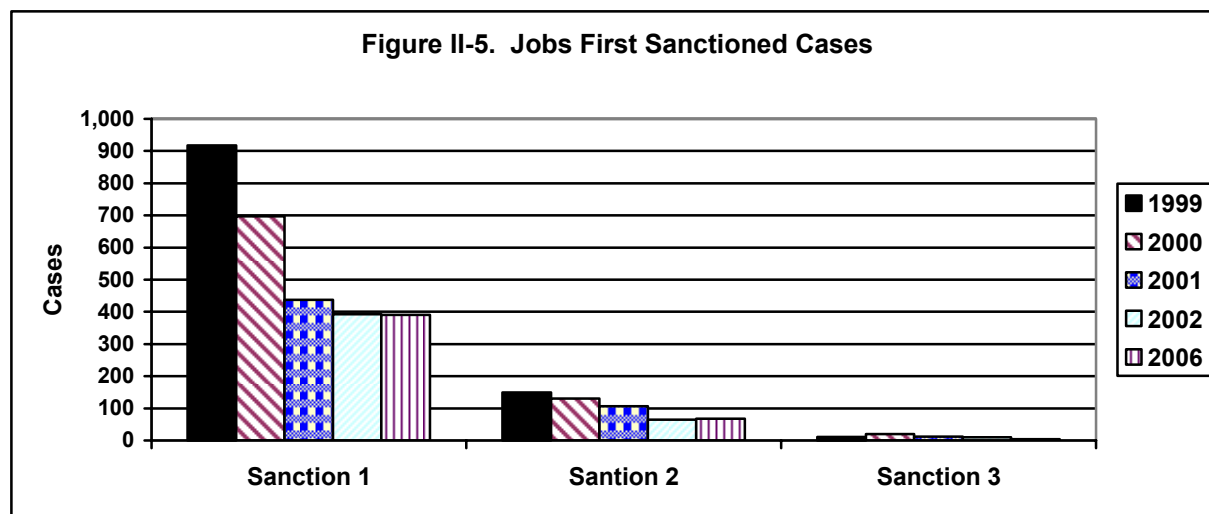
- 1st penalty – TFA is reduced by 25 percent;
- 2nd penalty – TFA is reduced by 35 percent; and
- 3rd penalty – TFA is discontinued and client may not reapply for TFA for at least three months

If a client is sanctioned during an extension, TFA is discontinued, the client is referred to the Safety Net program (discussed in Chapter Four), and is not eligible for future TFA extensions. Clients can only receive TFA again if they become exempt rather than time-limited, or experience circumstances beyond their control that prevent them from working.

Sanctions affect the TANF work participation rate formula described in the Chapter One. During the first 21 months, clients who receive their first sanction are removed from the work

participation denominator, while clients in their second sanction are included in the denominator. Since clients on their second sanction are unlikely to be engaged in work participation activities, this has the effect of lowering the work participation rate.

Figure II-5 shows the number of sanctioned cases and the number imposed over six periods of time. In June 2006, there were 390 cases that had received a first sanction, 68 cases were in their second sanction, and only four had been sanctioned for a third time.



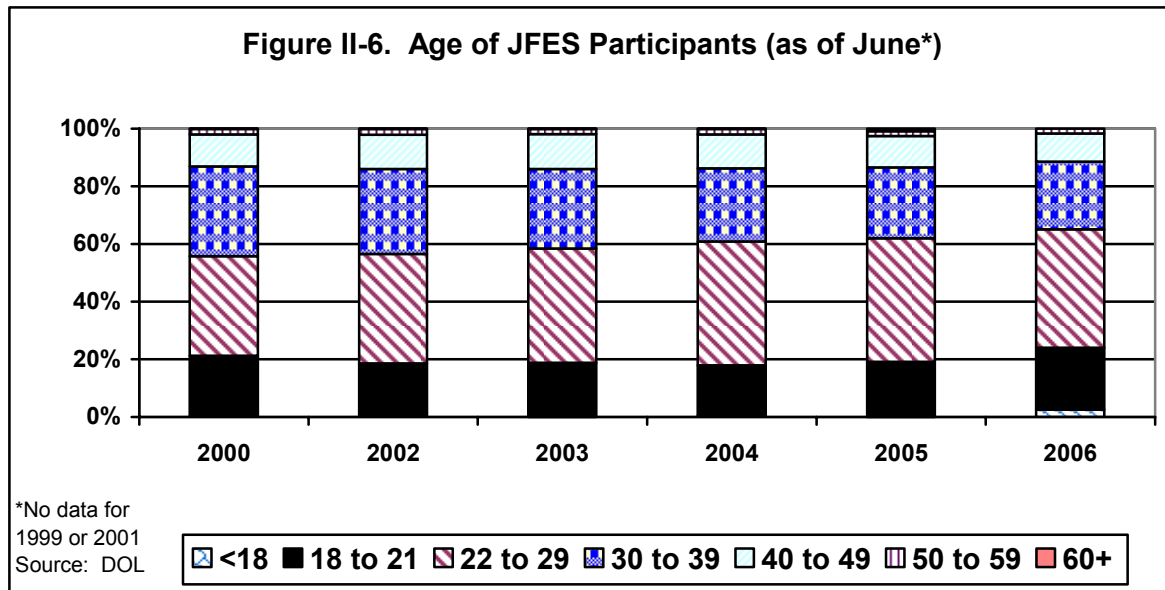
In terms of the percent of cases sanctioned compared to the total time-limited caseload, in 1999 about 4.5 percent of cases had received a first sanction and in 2006 it was about 5 percent. Less than one percent of time-limited cases ever receive a second or third sanction in any of the years shown.

Jobs First Employment Services (Time-Limited Clients)

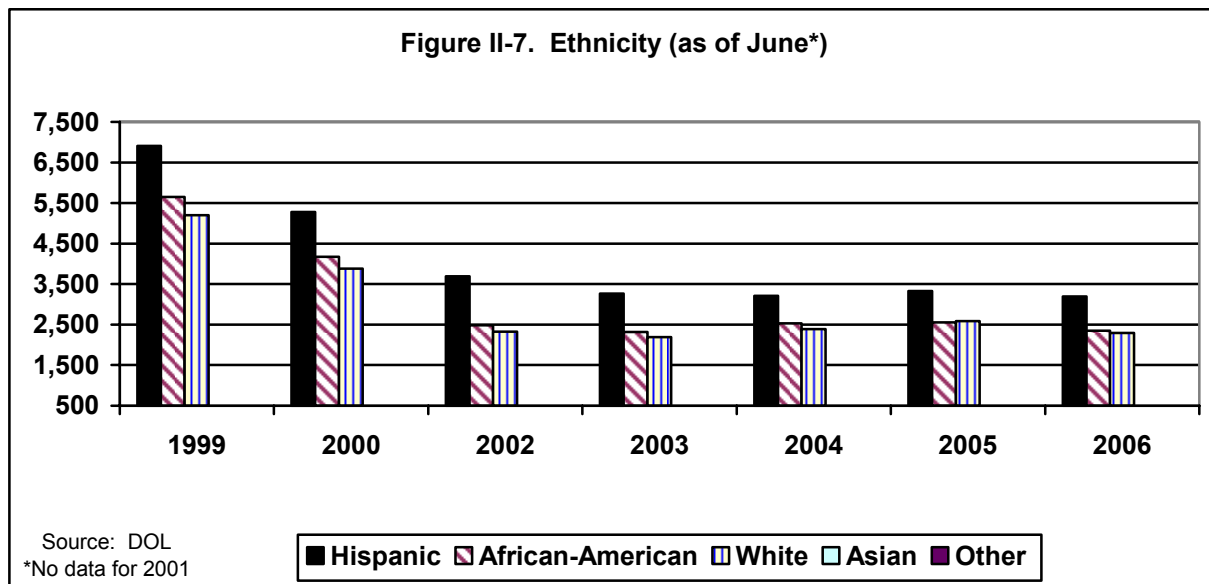
Trends. The Performance Measurement Unit within the Department of Labor has produced an annual report since June 1999 (except for 2001 when no report was published) on Jobs First clients participating in JFES. The report, entitled “At-A-Squint” includes demographic information on clients as well as the types of activities that individuals participated in. Comparing the June 1999 and June 2006 reports shows:

- *the vast majority of time-limited clients are female (90 percent in 2006 compared to 86 percent in 1999);*
- *ethnicity has remained relatively the same over the eight years;*
- *almost 50 percent of clients in 2006 had completed 12th grade compared to 45 percent in 1999; and*
- *13 percent of JFES clients had some college in 2006 compared to only 6 percent in 1999.*

Age of JFES participants. Figure II-6 shows the age of JFES participants at a point in time (June of each fiscal year). As the figure illustrates, the bulk of participants fall between the ages of 22 and 29 years old (35 percent in 2000 growing to 41 percent by 2006). The next largest age group is clients between 30 and 39 years old (31 percent in 1999 and decreasing to 23 percent by 2006). Three percent of the clients were under age 18 in 2006.



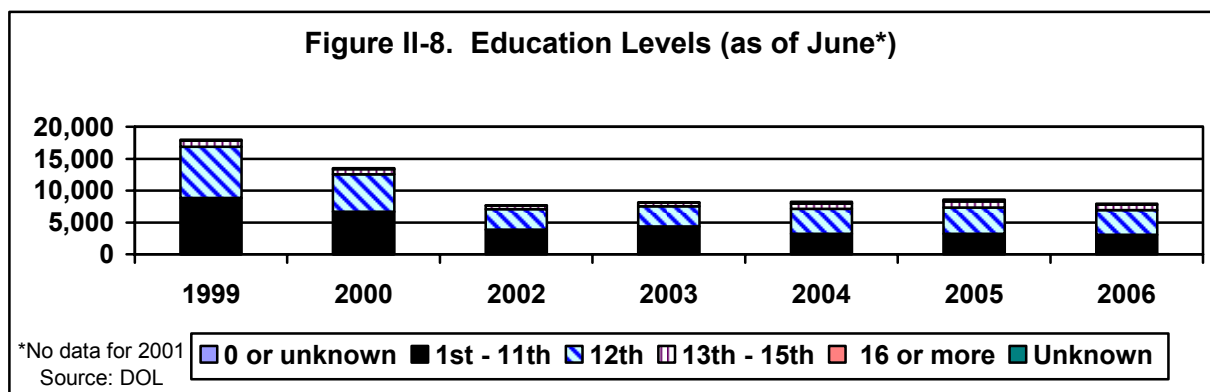
Ethnicity. Figure II-7 shows the number of JFES clients by ethnicity. The number of Hispanic clients increased from 38 percent of total JFES clients in 1999 to 40 percent of the clients in 2006. While clients who are African-American decreased slightly (from 31 percent in 1999 to 30 percent in 2006) over the same time period, the proportion of other ethnic groups remained the same.



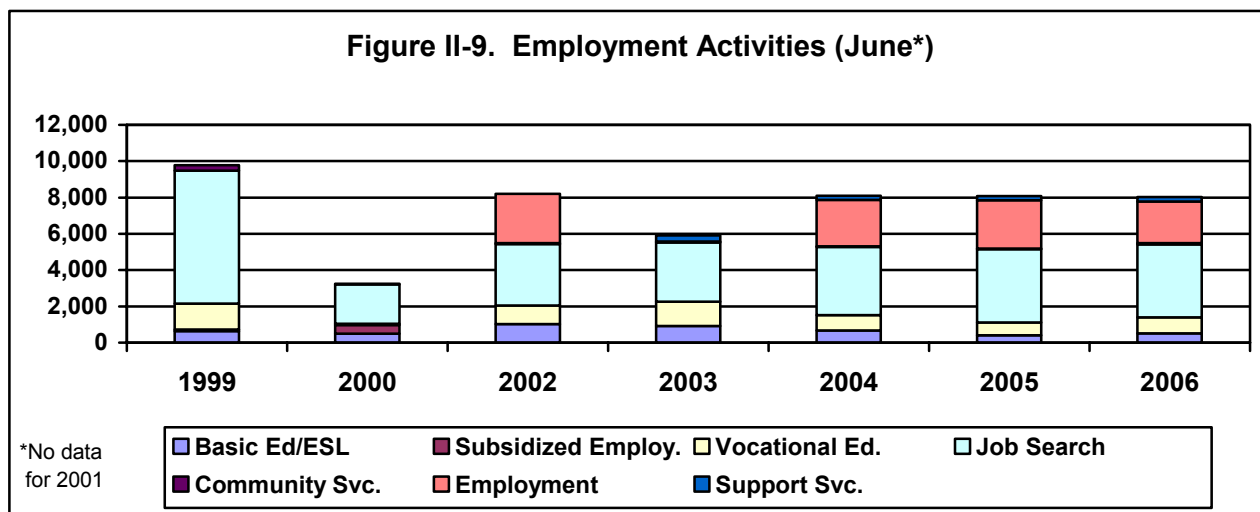
Education. JFES participants have become more educated over time (Figure II-8). In June 1999, the client educational profile was:

- 49 percent had not completed high school;
- 45 percent had a high school diploma;
- 5 percent had some college; and
- 1 percent had 4 years of college or more.

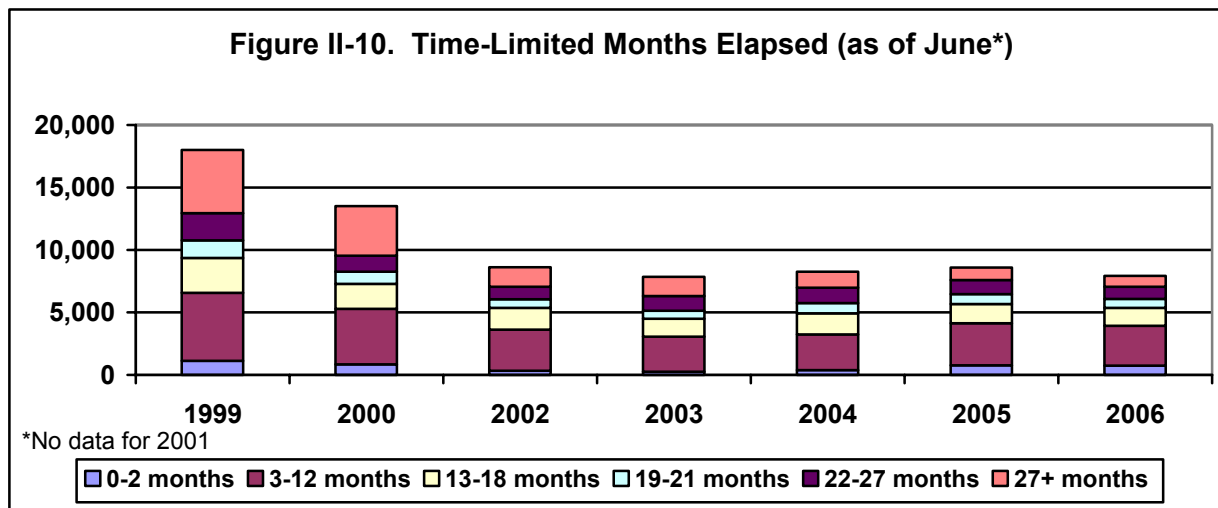
By 2006, 50 percent of clients had completed high school; 11 percent had some college; and 2 percent had four years of college.



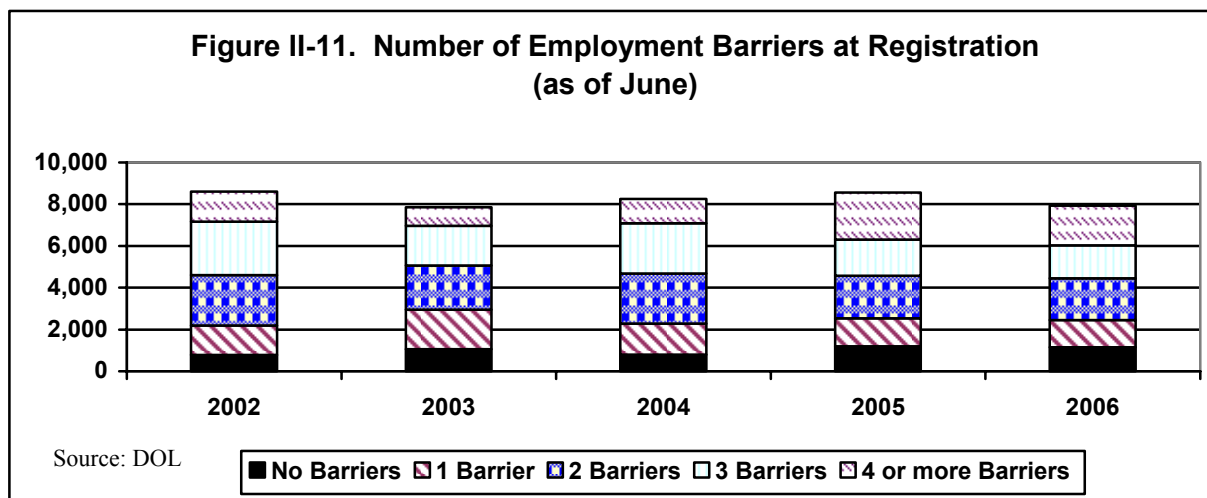
Employment activities. Almost 8,000 clients were enrolled in JFES in June 2006. Of those: 5,972 clients were enrolled in employment activities (clients may be enrolled in more than one activity) and the most frequent activity was participation in job search (Figure II-9). The percent engaged in this activity dropped from 75 percent in June 1999 to 50 percent in June 2006, while 29 percent were employed. Basic education as an activity accounted for only 6 percent of clients and vocational education was 11 percent in June 2006.



Months elapsed. Figure II-10 identifies the number of months elapsed for time-limited clients enrolled in the JFES program. The number of clients who were on the program for 27 or more months has decreased dramatically from a high of 5,040 in 1999 to 873 in 2006 (i.e., the 21-month initial period plus at least one six month extension).



Employment barriers. The number of client employment barriers identified at the time of JFES registration is shown in Figure II-11. This represents the number of barriers identified by JFES case managers in developing participants' employment plans and do not necessarily reflect the total actual number of current employment barriers experienced by clients. Most research indicates that certain client barriers remain unidentified, either because the client is not reporting the problem (such as a substance abuse or mental health problem) or it is not being detected by the case manager (such as learning disabilities).



Even though the overall number of clients has decreased since 2002, the number of clients with barriers has remained relatively the same. In addition, the number of clients with

four or more barriers has grown over the five years shown and now comprises an even larger proportion of the 2006 caseload.

TANF and State Maintenance of Effort Dollars

States fund their welfare programs with a combination of federal and state funds from two primary sources – the annual federal TANF block grant and state MOE dollars to meet federal MOE standards. These federal standards require states to maintain historical levels of state spending of at least 75 percent of what they were spending in FY 94 on cash assistance-related programs.

TANF block grant. Since 1997, Connecticut has received a flat TANF block grant of almost \$266.8 million annually.⁷ Federal law allows states to transfer up to 30 percent of their TANF grant to the Social Security Block Grant (SSBG) and the Child Care Development Fund (CCDF), and up to 10 percent to the Job Access Transportation Grant. To date, Connecticut has only transferred funds to SSBG (in FFY 06, \$26.4 million (10 percent was transferred)).

State maintenance of effort requirement. Connecticut's MOE requirement has been \$183.4 million since 1997, although Connecticut has exceeded its MOE requirement each year with spending ranging between \$183.5 and \$217.4 million. In FFY 05, Connecticut spent \$217.4 million in MOE and \$240.1 million in TANF dollars for a combined total of \$457.5 million.

Purposes of TANF. States must use all federal TANF and state MOE funds to meet at least one of the four purposes articulated in PRWORA or to continue providing services and benefits that they were authorized to provide under their former Title IV-A or Title IV-F state plans (which covered AFDC, Emergency Assistance, and JOBS). The four purposes of the TANF program are:

6. *to provide assistance to **needy** families* – programs funded for this purpose cover **only needy families** so children must live with their parents or other relatives.⁸ It does not cover children living with non-relatives. (Assistance is defined in federal regulations as cash payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs);
7. *to end dependence of **needy** parents by promoting job preparation, work and marriage* – programs funded could help **any needy parent**, including a non-custodial parent or working parent. Activities that provide job preparation and work activities would be consistent with this purpose;
8. *to prevent and reduce out-of-wedlock pregnancies* – programs funded for this purpose **are not limited to needy families or individuals**; and
9. *to encourage the formation and maintenance of two-parent families* - programs funded **are not limited to needy families or individuals** but are

⁷ In FFY 06, the state was penalized \$2.4 million due to Child Support Data Reliability issues.

⁸ Any relative may receive assistance for a child. In addition, legal guardians and others acting in loco parentis may receive assistance.

extended to those that encourage two-parent families. Activities could include premarital and marriage counseling, parenting skills, job placement and training services for non-custodial parents, and initiatives to promote responsible fatherhood.

Spending to achieve purposes No. 1 and No. 2 must be targeted to **needy** families as defined in a state TANF plan, while spending for purpose No. 3 or No. 4 is not limited to needy families. Under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, states could only use TANF funds, not MOE funds, for programs targeting non-needy families or individuals, but the Deficit Reduction Act of 2005 eliminated this provision and now allows MOE funds to be used for these purposes also. In its plan, a state must:

- describe how each of its funded programs meets federal requirements; and
- define the term “needy family” (as noted in Chapter One, Connecticut defines a needy family as a family with gross income of less than 75 percent of Connecticut’s median income, and must include a dependent child and a caretaker relative, legal guardian, or others acting in loco parentis).

There are federal rules prohibiting states from using state MOE dollars to fund programs previously funded with state dollars, but there are no such prohibitions on using TANF funds, including TANF funds transferred to SSBG.

TANF and MOE Funding Restrictions

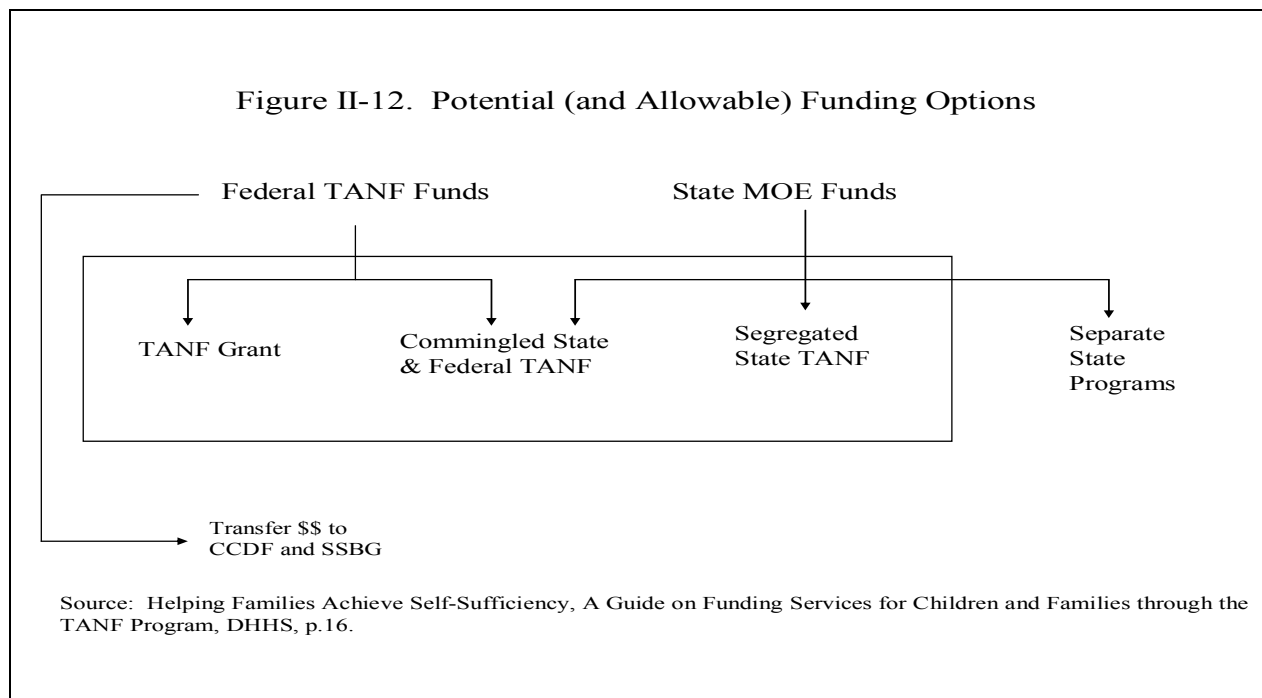
By federal law, the two funding sources -- TANF and MOE -- have different restrictions in terms of the types of programs that can be funded by them. Federal law distinguishes between funding programs that are considered “assistance,” defined as providing ongoing basic needs, such as cash, food, clothing, and shelter, and those that are not. If states use TANF funds to provide “assistance,” recipients are subject to: work participation requirements; a five-year time limit on federal assistance; and child support assignment rules. These restrictions do not apply to recipients when states use TANF funds for services and benefits not considered “assistance” such as child care for working families, refundable income tax credits, work subsidies, and short-term cash benefits (four months or less) designed to meet a specific crisis or episode.

Furthermore, a state may use TANF funds, but not its MOE funds, for activities previously authorized under its Title IV-A or Title IV-F plans, but which are now allowable under TANF (including juvenile justice and/or state foster care maintenance payments). Table II-1 shows the ways in which states can use TANF funds.

MOE funding restrictions. Figure II-12 graphically depicts three different ways in which states can use MOE funds for *cash assistance*. States may only use MOE funds for “eligible families” (i.e., similar to needy families but must be TANF eligible or would be eligible except for the five-year federal time-limits for TANF).

Table II-1. Use of TANF and State MOE Funds		
<i>Type of Funding Stream</i>	<i>Allowable Activity</i>	<i>Level of Restriction</i>
Commingled funds	State funds commingled with federal TANF funds and expended in the TANF program. These funds count as part of state MOE.	Most restrictive - subject to federal funding and TANF requirements and MOE limitations
Segregated State Program	State only funds that are segregated from federal TANF funds, but spent in the TANF program. These funds count as part of state MOE.	Subject to TANF work participation requirements, child support, and reporting. Time limits do not apply
Separate State Program (SSP)	State only funds used to fund programs that are operated outside of the TANF program, but meet one of the four TANF purposes. These program costs are allowed to count as part of the state MOE.	Most flexible however clients must be TANF eligible or would be if not subject to 60-month federal time limits

Source: HHS, Office of Family Assistance, Helping Families Achieve Self-Sufficiency. A Guide on Funding Services for Children and Families through the TANF Program and DSS, Temporary Assistance for Needy Families (TANF) Expenditure Report, march 10, 2006.



The figure shows that states use Separate State Program (SSP) funds to exclude some families from federal time limits and work requirements, while still counting these funds towards their MOE requirement. Connecticut currently funds its exempt (from work requirements) client populations with SSP; however, the recently adopted DRA and interim regulations require that most of these clients must now be included when states calculate their work participation rate, a major performance measure in TANF. This will have major implications on the way in which

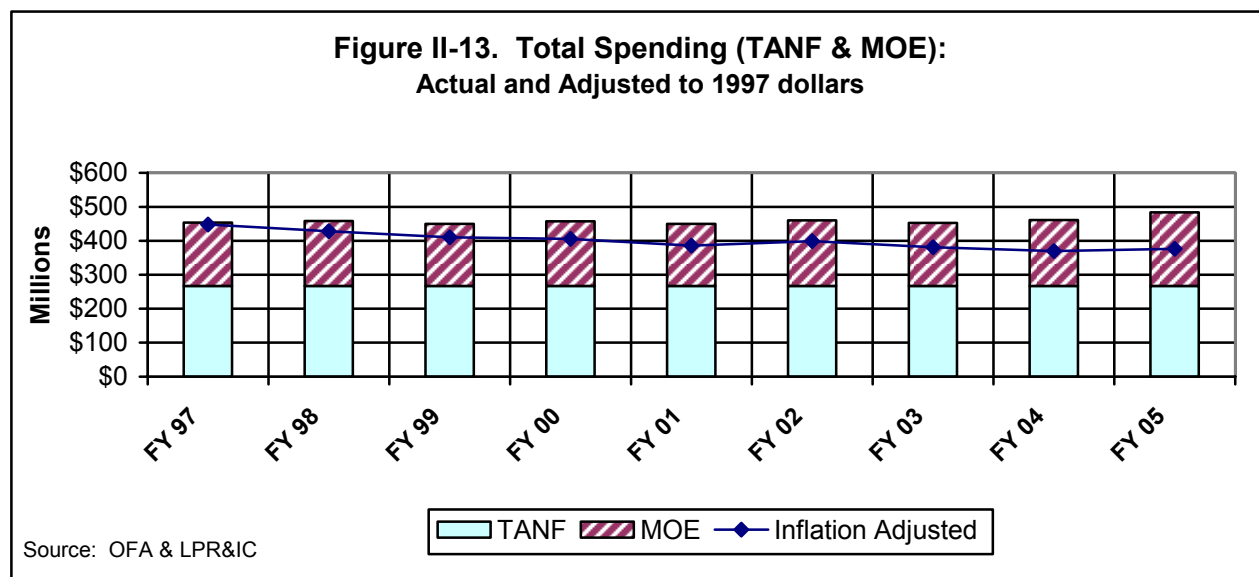
states will continue to use SSP funds and on federally mandated work participation rates. These issues are discussed further in Chapter Ten.

Additional funding under TANF. Supplemental grants were also provided under PRWORA for certain states with high population growth or low block grant allocations relative to their needy population, as well as a contingency fund to help states weather a recession. Connecticut has not received any funds from these grants.

In addition, three “performance bonus” grants were also established. The first, known as the “high performance bonus,” rewards states for meeting employment-related goals like job entry, job retention, and wage progression. The second is a bonus for reductions in non-marital births, sometimes referred to as the “out-of-wedlock” bonus (Connecticut has never received this bonus). Connecticut received high performance bonuses in FFY 2000-2003 totaling slightly more than \$30 million over the four-year period, but has not since FFY 2004. Performance bonuses were eliminated under DRA.

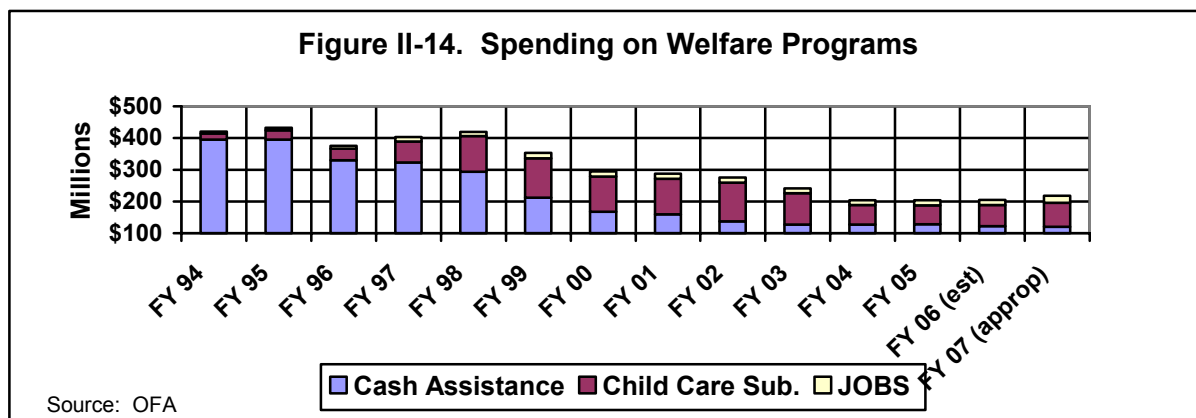
Jobs First Expenditure Trends

Overall spending. Figure II-13 shows total federal TANF and MOE spending since FY 97. As noted above, the state receives a fixed amount of \$266,788,107 in TANF block grant funds yearly, while MOE spending has fluctuated only slightly. When spending is deflated to 1997 dollars, the figure shows that total spending has actually decreased by 16 percent over the time period examined. One reason for the shift is because client caseloads have been greatly reduced over the years and spending is now on other allowable TANF purposes.

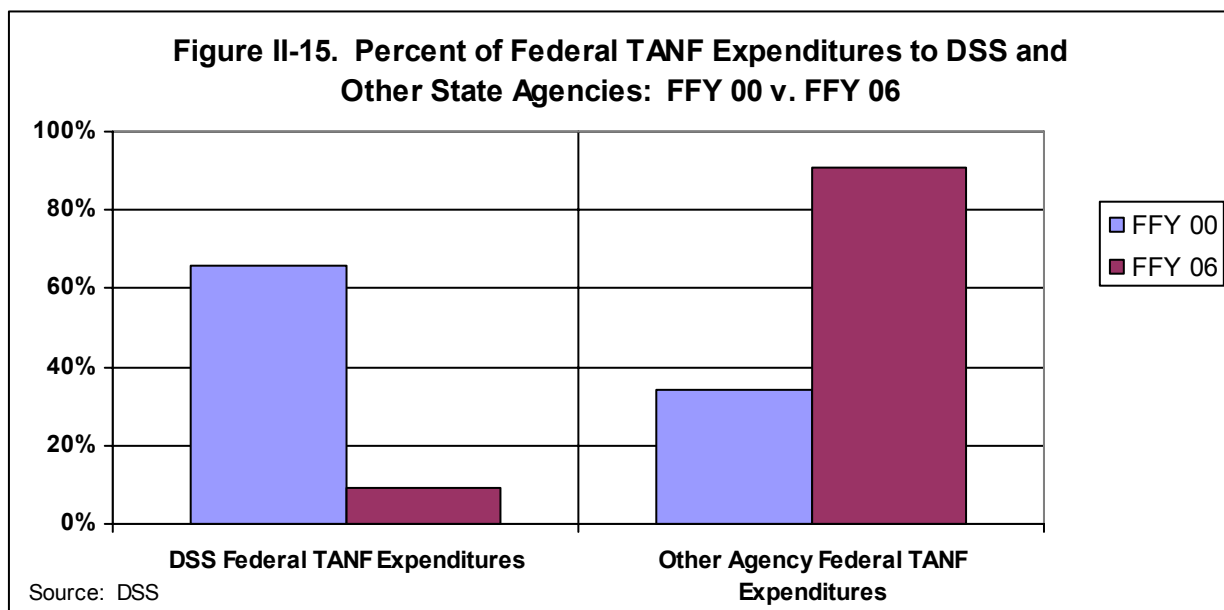


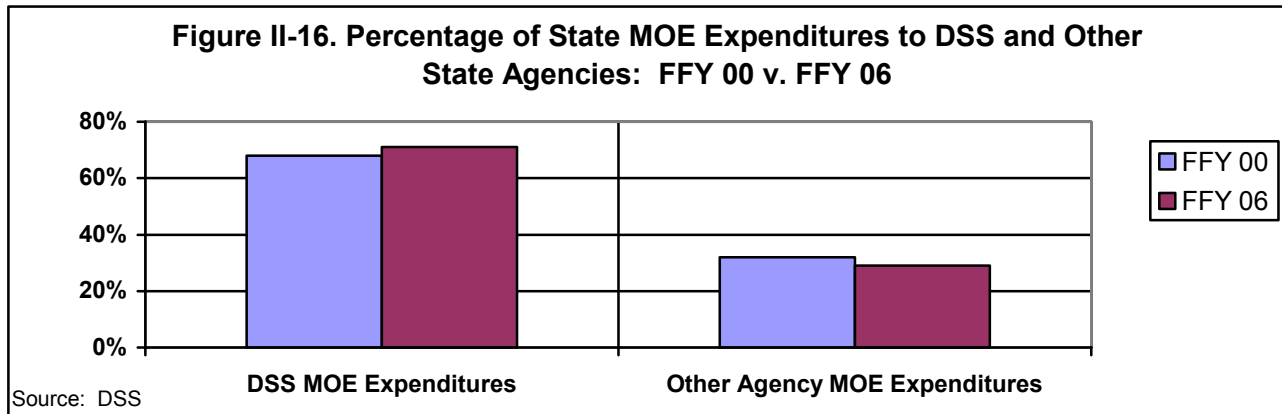
Spending on core programs. Before federal welfare reform in 1996, Connecticut distributed almost \$400 million in cash assistance to welfare clients through DSS, Connecticut’s welfare agency. Now, 12 state agencies, departments, and offices use TANF and MOE dollars to fund more than 60 programs. Funds have shifted away from core welfare programs, such as cash assistance, and increased only slightly for job activities, given the number of time-limited

recipients that have been required to participate in job activities. Spending on these three programs since FY 94 is shown in Figure II-14. Spending on cash assistance dropped 68 percent between FY 94 to FY 05, while child care assistance expenditures increased from \$19.4 million in FY 94 to \$60.4 million in FY 05 (211 percent). Expenditures for job activities increased from \$6.3 million to \$15.6 million over the same period (148 percent). The Jobs First Employment Services program was not established until July 1, 1998. Prior to this, DSS operated a job training program. It is clear from the graph that there has been a refocus of welfare from giving cash assistance to families to funding other supportive programs.



Figures II-15 and II-16 compare two points in time – FFY 00 and FFY 06 -- to show how TANF and MOE expenditures have shifted away from DSS-administered programs to those administered or operated by other state agencies. While DSS consumed 66 percent of all TANF spending and 68 percent of MOE in FFY 00, by FFY 06, DSS consumption had dropped to 9 percent, while MOE spending increased 71 percent.





Figures II-17 and II-18 show the percent of TANF and MOE total expenditures by type of program, respectively. As shown in Figure II-17, the Department of Children and Families expended almost 35 percent of TANF dollars received in FFY 06. The next largest federal TANF expenditure was to fulfill TANF purpose No. 3 -- preventing teen pregnancy. Cash assistance (TFA) accounted for less than 4 percent of TANF dollars expended.

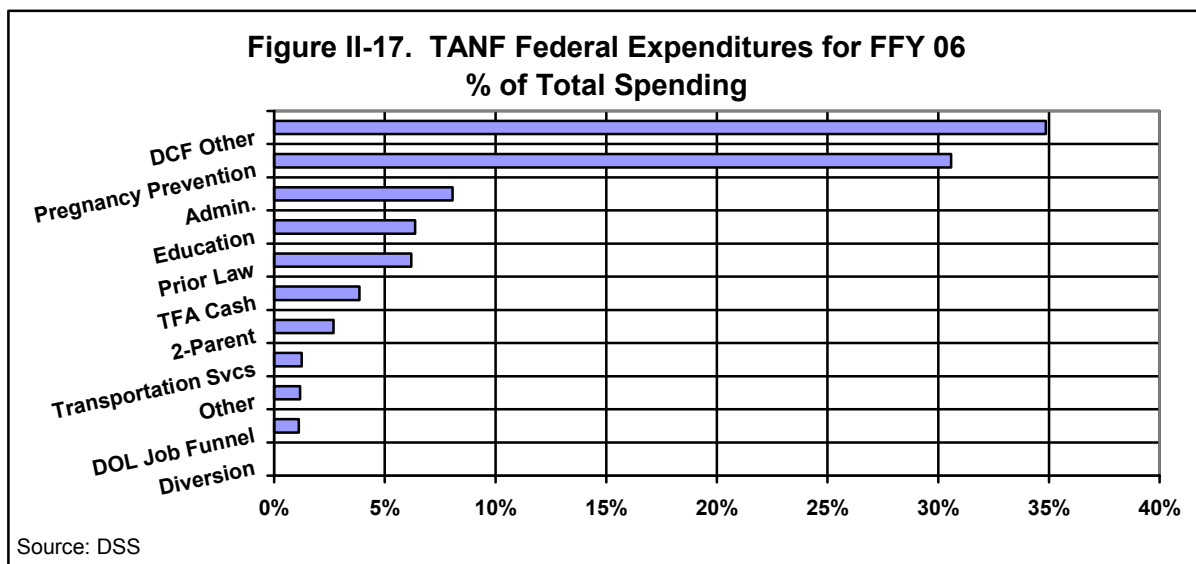
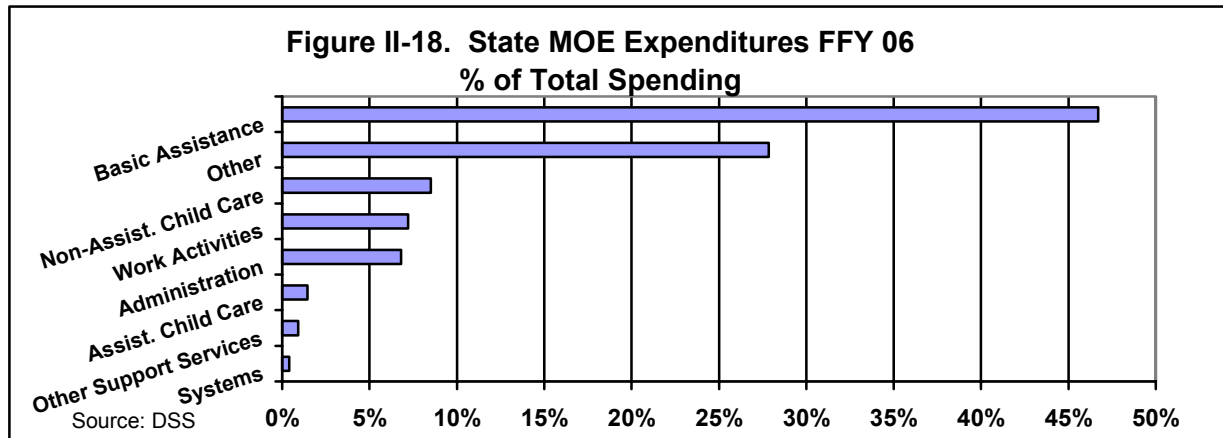


Figure II-18 shows MOE expenditures using any of the three funding streams noted in Table II-1 -- commingled, segregated, and SSP MOE. As shown, the largest expenditure occurred in the basic assistance category (47 percent). This category provides TFA to a variety of clients, including those funded under SSP, who are not included in the calculation of the federally mandated work participation rate. The “other” category is expenditures for child care claimed under CCDF and countable under TANF. The category of “work activities” includes expenditures by DOL to operate the JFES program, as well as to provide enhanced case management services. Non-assistance child care includes child care subsidies to working parents who may or may not be receiving TFA; while assistance child care is for TFA clients enrolled in training activities.



TANF and MOE Allocation Trends by Program

Allocation of funds. Concern has been raised among some legislators and advocates representing poor families that over time, TANF and MOE dollars have been shifted away from core welfare programs (goals one and two of TANF) that provide assistance to the poorest and neediest of families. As caseloads fell and fewer families were receiving cash assistance (by 2000, caseloads were almost 50 percent less than what they had been in 1996), the state increased its TANF/MOE spending on child care and identified other programs statewide that could be funded with TANF dollars.

Jobs First expenditure trends. Before federal welfare reform in 1996, and when caseloads were much higher, Connecticut distributed almost \$400 million *in cash assistance* to welfare clients solely through DSS. Now, 12 state agencies, departments, and offices use TANF and MOE dollars to fund more than 60 programs.

Table II-2 shows combined spending of TANF and MOE from FFY 97 through FFY 05. The table illustrates the shift in funds away from cash assistance and child care to pregnancy prevention programs, two-parent family formation programs, and administration. The second largest expenditure is in the “other category,” the bulk of which is spent in three areas: SDE school readiness programs (\$27.5 million); DCF investigations (\$29.7 million); and DCF case management services (\$35.7 million).

The committee found:

- *combined, TANF and MOE funds accounted for \$457.5 million in FY 05;*
- *spending on cash assistance decreased from \$330 million in 1996 to \$122 in FY 06, a decrease of 63 percent;*
- *there have been no increases to the TFA benefit amount paid to families since 1991 and monthly payments were actually reduced in 1995;*
- *expenditures for job activities increased from \$9 million in FY 96 to \$22.6 million appropriated for FY 07, an increase of 151 percent;*

- *support for job services for TFA recipients has been funded almost exclusively with state MOE funds and almost no federal TANF funds are used for job support programs;*
- *although Care 4 Kids spending increased from \$37 million in FY 96 to \$73.2 million in FY 06, most of the funding did not come from TANF or MOE spending, but from other sources;*
- *spending for “other” programs, including Department of Children and Family programs and State Department of Education programs has risen dramatically from \$0 in 1997 to \$156.6 million in 2005; and*
- *expenditures for programs to address the TANF goals of preventing and reducing the incidence of out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families has also increased at a dramatic rate -- from \$1.6 million in 1998 to \$74.1 million in 2005.*

Summary

The shift from AFDC to the TANF Block Grant program gave states much broader discretion over program funding and eligibility levels as long as programs met one of the four purposes of TANF. Over the years Connecticut has either -- shifted funds away from DSS for cash assistance or increased funding only slightly for jobs programs -- to programs funded by other agencies, particularly DCF.

Table II-2. Combined TANF and MOE Spending: FFY 97 – FFY 05 (in millions)									
	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Transfer to SSBG	5.9	23.8	24.1	26.7	26.7	26.7	26.7	26.7	26.7
Cash Assistance	325.6	278.7	202.0	166.1	158.4	130.4	124.4	126.6	125.7
Child Care ¹	70.5	98.1	115.0	119.1	96.1	568	38.3	12.9	12.6
Assistance – Prior Law	-	-	-	-	6.4	3.6	1.6	2.2	2.2
Other Work Activities & Higher Ed. Scholarships	-	-	-	-	.4	.5	16.8	15.8	6.8
Good News Garage, DOL Serv; WTW	-	-	-	-	-	-	1.6	2.2	1.2
Employ. Svc./IPC	12.1	8.8	16.0	18.6	16.1	17.3	15.1	17.6	17.0
Safety Net	-	2.7			2.5	4.4	2.9	.8	1.5
Transportation	-	-	-	2.8	2.6	3.2	2.4	2.4	3.3
Diversion	-	-	-	.1	-	-	-	-	-
Rental Assistance	-	1.5	-	-	-	3.7	1.8	5.1	2.3
Energy	-	2.0	-	-	-	-	-	-	-
Medicaid for Non- Citizens	-	-	-	3.3	5.0	8.7	8.3	7.1	8.6
Teen Pregnancy	-	1.6	-	1.2	-	-	-	-	-
Prevention of Pregnancy	-	-	-	-	21.4	28.0	38.9	53.7	66.4
2-Parent Family Formation	-	-	-	-	-	16.6	18.1	16.5	7.7
Prior Law	-	-	-	12.4	13.0	14.3	15.9	13.9	15.5
Administration	37.3	36.6	37.0	36.8	37.0	28.0	21.5	25.9	28.6
Information Technology	2.5	5.4	1.0	2.1	1.7	1.2	.8	.9	.7
Other	0	0	55.0	72.3	65.4	130.4	126.4	131.3	156.6
Total	453.9	459.2	450.1	460.3	452.7	473.8	461.5	461.6	483.4
¹ Total state spending on Care 4 Kids has fallen from \$121.6 million in FY 02 to \$75.2 million appropriated for FY 07, but is substantially above the \$12.6 million MOE funds expended. This figure reflects only TANF or MOE funds spent on child care programs.									
Source: DSS TANF Expenditure Reports.									

Chapter Three

Jobs First Program Client Process

An individual seeking assistance under the Jobs First program goes through several steps, first to be determined eligible, and then to be maintained in the program. This chapter describes the various steps, which involve two different state agencies: DSS and DOL. DSS staff is responsible for determining the eligibility of prospective Jobs First program clients for cash assistance (TFA), and whether the clients are time-limited, meaning the clients are required to participate in work activities through the JFES program, or are exempt, at least at that time. The Department of Labor administers the JFES program, primarily through a collection of many different contract providers. Figure III-1 depicts the initial Jobs First eligibility determination process, including whether a client may only be in the program on a time-limited basis, and thus must participate in the JFES program. Figure III-2 shows the flow for time-limited TFA clients once eligibility has been determined, which is also described in more detail. Finally, the chapter concludes with information about Jobs First program staffing.

Initial Jobs First Eligibility Determination

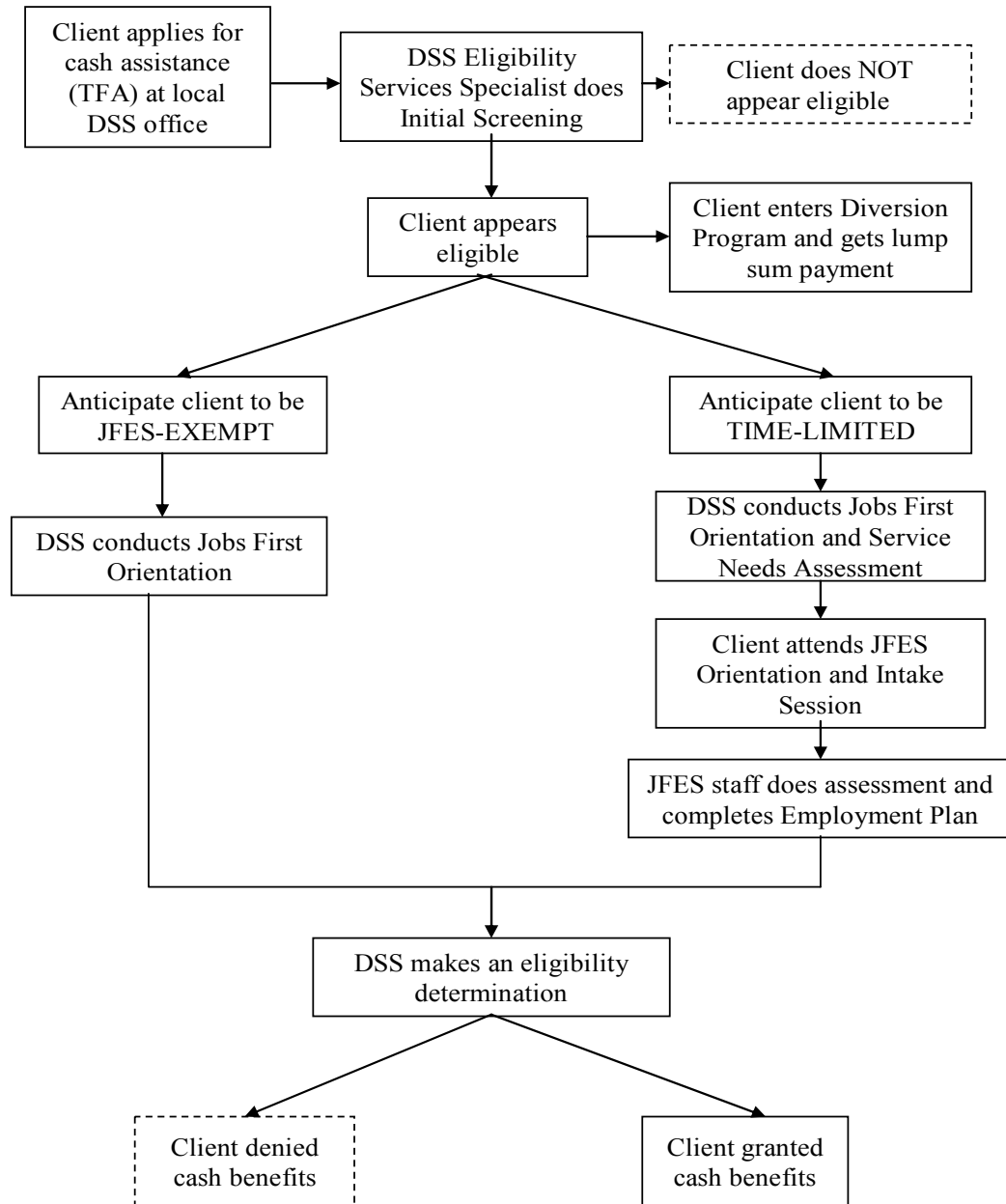
Application and initial financial screening. As Figure III-1 shows, a prospective Jobs First program client seeking cash assistance begins the eligibility determination process by requesting services in person at a local DSS office. The applicant completes an eligibility determination form, answering detailed questions about household members, assets, current and previous employment, and living arrangements. A DSS eligibility services specialist interviews the client and documents income, assets, citizenship, and social security information. The completed application is date stamped, and DSS has 10 business days to complete the initial screening, examining asset and income resources to determine whether a client appears eligible for TFA as well as food stamps and Medicaid. In reality, however, some DSS offices conduct those reviews on the day of application.

At this point in the process, an eligible Jobs First program applicant may be told about the Diversion program and choose to participate in that program, receiving a lump sum payment equal to up to three months' assistance rather than monthly TFA cash assistance. (There have been less than 10 participants annually in the Diversion Program, which is described in Chapter Four.)

Jobs First Program Orientation. DSS provides a Jobs First program orientation to all prospective recipients who appear eligible for TFA cash assistance after the initial screening. For persons who are anticipated to be time-limited, the orientation topics covered include:

- program's work and personal responsibility focus and requirements;
- the 21-month time limit;
- work participation (30 hours per week for single parent families and 35 hours for two parent families);
- sanctions for noncompliance; and
- incentives such as the earnings disregard, higher asset limits, and transitional Medicaid and child care benefits.

Figure III-1. TFA Eligibility Process



Service Needs Assessment. As noted in Chapter Two, the majority of current recipients are exempt from work requirements. However, for those that are not exempt, the client is required to participate in the JFES program, administered by DOL. Prospective clients who appear eligible for JFES based on the initial screening, take part in a Service Needs Assessment (SNA). The DSS eligibility services specialist completes the SNA as part of the TFA application process. Areas assessed include education, employment and training history, basic educational needs, and other social service needs such as: transportation; child care; child support; domestic violence experience; substance abuse; and mental health issues. The purpose of the assessment is to ensure there is information available about a client when the JFES case manager and client first meet.

Universal Engagement. In anticipation of federal requirements, beginning October 1, 2004, Universal Engagement of TFA applicants was put into practice. Client engagement is demonstrated by completing the JFES Orientation/Intake and the resulting employment plan within specific time frames. Participation in the employment assessment and plan development are now a requirement for TFA cash eligibility.

Exempted Jobs First program clients. A prospective Jobs First client may appear to be exempt to a DSS eligibility services specialist, and not be required to participate in JFES. Table I-1 in Chapter One summarizes the reasons for exemptions. Additionally, the DSS eligibility services worker has the authority to approve temporary exemptions for situations where there is a child under one or a medical need that should last for less than three months. For medical exemptions that are expected to last more than three months (i.e., permanent exemptions), a Medical Review Team, located in the DSS Central Office and consisting of physicians, nurses, psychologists and others, makes the determination. The normal processing time for the Medical Review Team is 60 days, although it is backlogged, and so determinations currently take longer than three months.

The largest category of clients exempt from work participation is the “child only” category. These are situations where either the adult in the family is not the child’s parent and is not counted when calculating how much assistance the family will receive, or the adult in the family is the parent but is not counted because the parent is receiving Supplemental Security Income for a disability (SSI) or is an ineligible alien. Thus, cash assistance is only provided for the child in that assistance unit.

Change in Exemption Status. Exempt clients may become non-exempt from JFES if, for example, the client has completed her six week postpartum exemption, a non-cap child turns one year old, or a medical exemption is lost. Also, time-limited (non-exempt) participants may become exempt after 20 months in JFES if the adults in the family worked less than six months during the past five years, and have not completed the 6th grade.

JFES Orientation/Intake

After the general orientation and service needs assessment by DSS, as Figure III-1 shows, the prospective Jobs First program client must attend another orientation and intake, this one targeted to the employment services component of the Jobs First program. These prospective clients must also participate in the development of their own employment plan. This part of the process is overseen by the Department of Labor, utilizing a variety of contracted entities.

The JFES orientation and intake occurs at one of the 14 CTWorks One-Stop Centers (Universal Engagement procedures specify that the applicant's employment plan must be completed within 10 business days of the JFES Orientation/Intake session.). The JFES program orientation/intake consists of three components: 1) JFES/CT Works Orientation; 2) Assessment; and 3) Employment Plan Development.

1) JFES Orientation/CTWorks Orientation. During orientation, a One-Stop JFES case manager explains the available services including:

- job service registration and job matching;
- eligibility determinations for other employment and training programs;
- automated labor exchange and Talent Bank;
- resource center (labor market information, personal computers, fax machines, etc.); and
- workshops (e.g., resume writing).

2) Employment Services Assessment. In addition to the JFES orientation, a prospective client also participates in an employment services assessment, or "intake," to prepare for the development of an individual employment plan. The existing Service Needs Assessment (completed earlier by DSS) is reviewed by the JFES case manager. Each prospective client is interviewed and the following information gathered or developed:

- test scores and other tools, including the Comprehensive Adult Student Assessment System test (CASAS) (often administered by a contractor)⁹;
- past and current work experience;
- education;
- resources;
- labor market information; and
- availability of programs.

3) Employment Plan. Based on the employment services assessment, the JFES case manager develops an employment plan in conjunction with the client. The employment plan may include activities such as:

- maintaining current employment (if working);
- locating a child care provider;
- completing a child care application and parent provider agreement form to submit to the JFES case manager;
- arranging for transportation to activities;
- using the One-Stop self-help services; and
- arranging for any other support services needed.

⁹ Since Universal Engagement in October 2004, testing is now done at the Employment Plan Review and Modification meeting.

DSS Eligibility Determination and Payment

As Figure III-1 shows, once a prospective Jobs First client has gone through all the steps required, DSS will determine eligibility for cash assistance. The DSS eligibility services specialist verifies information provided by the applicant such as social security number, earnings, and previous cash assistance. A determination is then made on eligibility for TFA (as well as food stamps and Medicaid) by applying the Combined Income Test and the Benefit Test.

Combined Income Test. The applicant's gross earnings (less \$90) and countable unearned income are compared with the Standard of Need for her/his town or city.

Standard of Need. The Standard of Need is defined in DSS' policy manual as the monthly amount of money considered necessary to cover 23 usual, recurring basic needs of a family, such as food, clothing, shelter, fuel and utilities (The Standard of Need has not been updated in at least 15 years.). If income is at or above the Standard of Need, the application is denied. Other reasons for denial of TFA include failure to cooperate with the child support enforcement program, and family assets that exceed the allowable limit.

The Standard of Need varies depending on the: 1) geographic region where an applicant resides; 2) number of members in the assistance unit (family); and 3) presence of any children in the home who fall under the family cap.

1) Geographic region. Connecticut is divided into three geographic regions on the basis on similarity in the cost of living. The cities and towns contained in the three geographic regions are shown in Appendix C.

2) Number of members in the assistance unit. The Standard of Need also varies depending on the number of members in the assistance unit (family). Standards for assistance units are as small as 1 and as large as 20. An AU of 1 in Region B, for example, has a standard of need of \$457, while an AU of 8 has a standard of need of \$1,413 per month.

3) Presence of children who fall under the family cap. The Standard of Need is adjusted for any families with children who fall under the cap (i.e., children conceived while the mother was receiving TFA). In these situations, the Standard of Need is based on the total number of members in the assistance unit minus any cap children plus \$68.50 for each family cap child (roughly 50 percent less than they would have otherwise received for that child).

A family cap has been incorporated into the Jobs First program since 1995. There are exceptions for rape and incest. Another exception to the cap is the first child born of a minor dependent in a family. As of December 1997, according to DSS, 1,870 children have been born after 10 months of the mother's application for benefits (i.e., "cap babies").

Benefit Test. The Benefit Test checks that the assistance unit's countable unearned income is below the Payment Standard. If the unearned income is at or above the Payment Standard, then the assistance unit is ineligible for continued TFA.

TFA Payment

As just described, the Standard of Need is the monthly amount of money considered necessary to cover usual, recurring basic needs of a family. The TFA cash assistance amount is equal to 73 percent of the Standard of Need. Because of its link with the Standard of Need, the amount of cash assistance given to eligible clients varies by geographic region, number of members in the assistance unit (family), and presence of any children in the home who fall under the family cap.

Table III-1 shows both the Standard of Need and Payment Standard for a family of three by geographic region. For example, in order to qualify for TFA, a family of three living in Region A must have a monthly income below \$872, less adjustments for child support payments. Assuming no cap children, their TFA cash assistance each month will be \$636.

Table III-1. Standard of Need and Payment Standard for a Family of Three by Geographic Region

	<i>Geographic Region</i>		
	<i>A</i>	<i>B</i>	<i>C</i>
Standard of Need	\$872	\$745	\$735
Payment Standard	\$636	\$543	\$536
Source: DSS			

Ongoing Case Monitoring

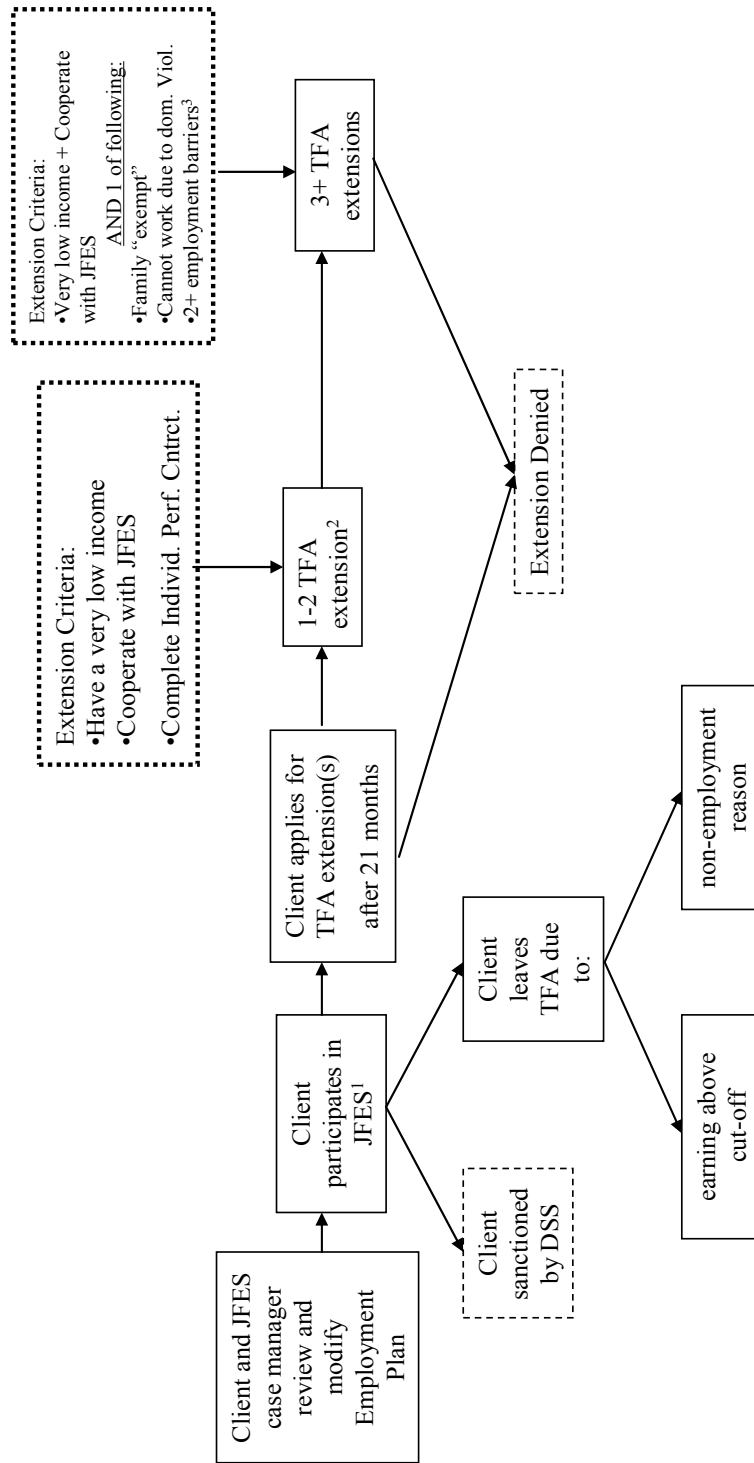
Employment Plan Review and Modification. Figure III-2 depicts the case steps after eligibility is determined. Once an applicant is granted TFA and is determined to be time-limited, a JFES case manager is assigned. The first step is to review the employment plan developed during the JFES orientation/intake session (Universal Engagement calls for the review of the Employment Plan to be scheduled within 30 days of the granting of TFA). This more in-depth review may occur one-on-one or in a group with a JFES case manager at the One-Stop Center.

During the Employment Plan review, the JFES case manager assists the client in developing realistic objectives for becoming and remaining independent through employment. The Employment Plan is an employment-focused document and outlines the steps needed for the JFES customer to accomplish these objectives. Modifications to the Employment Plan may include the addition of work participation activities such as job search and job readiness, and vocational education training.

JFES case managers are trained to take into account factors that would significantly restrict participation in employment related activities and objectives. The employment plan review gathers information about the client including:

- skills;
- work experience and employment history;
- prior and current participation in education and training activities;
- education level;
- months of TFA eligibility remaining;

Figure III-2. Flow for Time-Limited TFA Clients



¹ After 20 months in JFES, family may be “exempt” if adult(s): worked less than 6 months in past 5 years and has not completed 6th grade (Note: Family becomes “non-exempt” if adult works 2 months in a row)

² Each TFA extension is for 6 months of additional cash assistance and is granted by DSS

³Client employment barriers are: 1) lack of child care; 2) lack of transportation; 3) substance abuse or addiction; 4) serious mental or physical health problems or child with serious physical or behavioral health problem; 5) learning disability; 6) domestic violence; 7) low literacy; 8) DCF case plan requirements prevent work or compliance with other employment plan requirements; and 9) court order requirements prevent work or compliance with other employment plan requirements

- life skills;
- resources;
- language ability;
- math and reading test scores;
- interest inventory, attitude, and motivation;
- transportation and child care availability; and
- social services needs (counseling, legal services, substance abuse treatment, etc.).

Employment Plan Activities

The initial employment plan contained activities with little or no cost associated with them. The modified employment plan includes a range of activities for JFES clients. The modified employment plan addresses barriers that can be addressed as well as those that cannot be addressed (such as unavailable vocational education slots or waiting list for substance abuse treatment).

The employment plan has specific details on assigned employment activities and support services as well as responsibilities of both the JFES case manager and participant. Time frames are specified for completion of each of the tasks. As noted in Chapter One, employment plan activities are divided into two groups: core activities; and non-core, supplemental activities, which are described in Appendix D.

Support services are also contained in the employment plan and may include the following:

- child care assistance – Care 4 Kids;
- transportation/baby-sitting special benefits; and
- community resources:
 - substance abuse services;
 - mental health services;
 - domestic violence;
 - Department of Children & Families referrals; and
 - Bureau of Rehabilitation Services (Division of DSS that provides vocational rehabilitation services to people with disabilities).

Other employment plan tasks. Other tasks may be assigned that are expected to help eliminate barriers to employment and support the transition to independence. Tasks may include: having the participant request more hours of employment; apply for a driver's license; complete an application for available services or benefits; and arrange for backup child care and/or backup transportation.

DSS eligibility redetermination. DSS does an eligibility redetermination 12 months after start of benefits for exempt and non-exempt TFA recipients. The 12-month redetermination

is mandatory and requires that the client come to the DSS office for a face-to-face interview. Should the client fail to complete the redetermination process without good cause, then cash assistance is discontinued.

At the redetermination meeting, the DSS eligibility services specialist interviews the TFA client, updating the Service Needs Assessment and reviewing current income status. The purpose of the 12-month redetermination is to:

1. determine ongoing eligibility for assistance;
2. collect information about the family (assistance unit);
3. assess engagement in employment efforts of TFA time-limited Jobs First Employment Services participants;
4. determine whether exempt clients continue to meet the requirements for exempt status; and
5. revise the case file as needed.

The client is redetermined eligible for continued TFA by passing the Gross Earnings Test, the Unearned Income Test, and the Benefit Test. The Gross Earnings Test checks that the assistance unit's gross monthly earnings are equal to or lower than the Federal Poverty Level—if it is greater, then the assistance unit is ineligible for continued TFA.

The Unearned Income Test checks that the assistance unit's countable unearned income is below the Standard of Need. If the unearned income is at or above the Standard of Need, then the assistance unit is ineligible for continued TFA.

Finally, time-limited recipients must once again pass the Benefit Test. The Benefit Test checks that the assistance unit's countable unearned income is below the Payment Standard. If the unearned income is at or above the Payment Standard, then the assistance unit is ineligible for continued TFA.

TFA Extensions

In addition to the standard 21 months in the JFES program, TFA time-limited clients may qualify for extensions of six months at a time. There is a maximum 60 month federal lifetime limit, however, for time-limited clients. TFA extensions may be discussed during exit interviews, which are held in the DSS office during the 20th month of TFA and, should an extension be granted, occur again at the 5th month of an extension and at the 58th month.

Two extensions beyond 21 months are generally available if the client is unable to get a job that would make the family financially independent. Clients may be working at the time the extension is requested, but need help in increasing their hours of work or wage level.

Since July 1, 2003, time-limited recipients may not get more than two extensions unless they meet certain criteria: having two or more substantiated barriers to employment; working full-time and not earning at least the welfare payment standard; or not being able to work full-time because of a medical impairment or because of care-giving responsibilities for a disabled household member.

In order to receive one or two extensions, the family must meet the: 1) Payment Standard Test; and 2) Good Faith Effort Test.

1) Payment Standard Test. The Payment Standard Test is met if the family's gross earned and unearned income (minus \$90 for each person working) is less than the payment standard for a family of that size and in that DSS region. For example, the payment standard for a family of two in Region B is \$443 per month. A client who has a gross earned and unearned income (minus \$90 for each person working) less than \$443 would pass the payment standard test.

2) Good Faith Effort Test. To meet the Good Faith Effort Test, the client must have complied with JFES requirements, including no more than one sanction or successful completion of any Individual Performance Contracts (IPCs).

If the client is in the first 20 months of assistance and received more than one sanction, or DSS believed the family to be at risk of becoming ineligible for an extension, then an IPC can be completed. Should the IPC be successfully completed and no other sanction received, the family may have good faith effort status restored, and be eligible for an extension.

In order to receive a third or more TFA extensions, the client must meet the Payment Standard Test, the Good Faith Effort Test, and experience at least one of the following situations:

- family is prevented from working due to domestic violence;
- adult in the home is working at least 35 hours per week earning at least the minimum wage and still earning less than the TFA payment standard;
- adult in the family works less than 35 hours due to a medical impairment that limits employment, or must care for an incapacitated family member; or
- adults in the home are not working due to two or more of the following substantiated barriers to employment:
 - lack of child care;
 - inadequate transportation;
 - substance abuse or addiction;
 - serious mental or physical health problems;
 - learning disabilities;
 - child with a serious physical or behavioral health problem;
 - literacy problems (as demonstrated by a score below 235 on the Connecticut Competency System Test (i.e., CASAS));
 - requirements of a DCF case plan prevent work or compliance with other employment plan requirements; or
 - requirements of a court order prevent work or compliance with other employment plan requirements.

Sanctioning

When a time-limited client does not comply with an employment service requirement without good cause, the client is sanctioned through a penalty process. During the first 21 months, the penalties are imposed as follows:

- 1st penalty – TFA is reduced by 25 percent for three months
- 2nd penalty – TFA is reduced by 35 percent for three months
- 3rd penalty – TFA is discontinued and client may not reapply for TFA for at least three months

If a client is sanctioned during an extension, TFA is discontinued, the client is referred to the Safety Net program, and is not eligible for future TFA extensions (the Safety Net program is discussed in Chapter Four). Clients can only receive TFA again if they become exempt rather than time-limited, or experience circumstances beyond their control that prevent them from working.

Sanctioning process. Sanctioning is triggered when a time-limited client does not cooperate with an employment services requirement such as not showing up and not calling prior to the start of an activity, being disruptive, or dropping out after the start of an activity.

The sanctioning process includes a conciliation phase before the sanction is imposed during which time the JFES client has up to 30 calendar days from the date of initiation to document that the client had good cause for failing to cooperate. DSS staff reported that there was a backlog in this process for 2003 and 2004 due to DSS office closures, caseload transfers, and staff bumping. As a result, the sanction referrals were not done in a timely manner. Additionally, because of all the staffing changes, workers did not necessarily know if a sanction was pending.

Good cause for stopping the sanctioning process includes:

- illness of person;
- illness of family member that requires care to be provided by person;
- unavailability or loss of child care;
- unavailability of transportation;
- family emergency;
- domestic violence; and/or
- unreasonable terms and conditions of employment.

Once a determination regarding non-compliance is made, the DSS eligibility services specialist informs the JFES case manager of the decision within three business days. If the client did not have good cause, the DSS eligibility services specialist imposes a sanction and, if it is a first or second sanction, instructs the participant to comply with JFES requirements. If the DSS eligibility services specialist determines that the participant had good cause, the client is not sanctioned, but instructed by DSS to comply with JFES requirements.

The client may request a hearing before a DSS Fair Hearing Officer after receipt of the notice of the proposed sanction. The Fair Hearing Officer will schedule a due process hearing. The JFES case manager may not need to attend if the issue is whether the participant had good cause for non-compliance, since staff cannot usually testify about the client's personal reasons for not meeting the terms of the employment plan activity. On the other hand, if there is an issue of fact as to whether the participant failed to comply with a JFES requirement, testimony from the JFES case manager may be needed.

An additional requirement for clients receiving a second sanction is that an Individual Performance Contract (IPC) be completed. Clients are referred to a specialized case manager from the Connecticut Council of Family Service Agencies (CCFSA). CCFSA works closely with the client for at least 30 days to determine whether there are any significant barriers to employment, and provide supports so that the client can comply with the employment plan.

Related to the TANF work participation rate formula described in Chapter Ten is the issue that clients who have received their first sanction are removed from the work participation denominator, while clients in their second sanction are included in the denominator. Since clients on their second sanction are unlikely to be engaged in work participation activities, this has the effect of lowering the work participation rate.

DSS regional staff reports that sanctioning is a high priority. Some previous confusion regarding what constitutes good cause and when a client may be referred to DSS for a sanction has been addressed and clarified in training that occurred within the past 18 months, according to DSS staff.

Automated Counters. Time-limited clients are only allowed 21 months (plus extensions) of TFA assistance in Connecticut—and there is a 60-month lifetime limit for receiving services in all states combined. Each time-limited adult client has an “automated counter” and each family or assistance unit has an “automated counter.” Counters are generated by the DSS automated system to track the number of months of cash assistance that have been used up by JFES clients so that assistance does not exceed federal and state limits. As individuals come together or separate, their individual counters may change, depending on the rules governing whose counter to assume.

There are five ways to count the number of months of cash assistance that time-limited clients have been receiving:

1. Federal non-Connecticut TANF counter;
2. Federal Connecticut TANF counter;
3. Federal total TANF counter;
4. State TFA counter; and
5. Jobs First/AU counter.

Appendix E shows the similarities and differences among the five counters.

Automated Systems to Assist the Case Flow

There are two key automated systems that DSS and DOL use in processing and managing the TFA and JFES caseload: EMS and CTWBS.

Eligibility Management System (EMS). Department of Social Services eligibility workers enter all client information into EMS. This automated mainframe system supports the determination of client eligibility, calculates benefit amounts and issuance of cash assistance, and supports financial accounting and management reporting. In addition to TFA, EMS also supports other major DSS assistance programs such as food stamps, medical assistance, state supplement to the aged, blind, and disabled, and the State Administered General Assistance (SAGA). The system was not intended for research purposes.

CT Works Business System (CTWBS). The CTWBS is the automated, web-based computer business system that is the key coordinator for the delivery of services in Connecticut's Workforce Development One-Stop Career Center System. The CTWBS electronically links data from the JFES, WIA, and the Wagner-Peyser Act programs to support operational and administrative needs. DSS eligibility workers enter the Service Needs Assessment client information directly into CTWBS, making it available to the JFES case managers working with these clients at the One-Stop Centers. CTWBS also contains the employment plan and activities, and employment information. The system interfaces with EMS, making demographic background information available to the JFES case managers. This sharing of information between EMS and CTWBS is considered relatively unique, according to managers associated with JFES, representing an innovative model of system integration between two state departments—the Department of Social Services and the Department of Labor.

Chapter Four

Programs Available for Jobs First Program Recipients

This chapter describes in more detail some of the program elements connected to the Jobs First program including: JFES; Empowering People for Success Program; rental assistance; diversion program; and additional supports such as Care 4 Kids, Food Stamps, and health insurance.

Jobs First Employment Services. As noted previously, once clients are determined to be time-limited, they are required to participate in the JFES program. The program has three goals:

- enable participants, through employment, to become independent from cash assistance by the end of the 21-month time limit established by state law;
- enable participants who become independent from cash assistance to remain employed and independent of TFA; and
- ensure that federally established participation rates are met through employment of participants and engagement in other countable TANF work activities deemed appropriate based on assessment of client needs.

In addition, there are nine operating principles that JFES program staff are required to adhere to including: 1) focusing on assisting participants to become independent of assistance through employment; and 2) developing employment plans that are based on the participant's interests, ability, availability of resources and labor market demands. A complete list of the nine operating principles is found in Appendix F.

As described in Appendix D, there are nine core activities in which time-limited clients are expected to spend a minimum amount of time, depending on single or two-parent status, and age of youngest child. A single parent family with a child under age 6 must participate for an average of 20 hours a week while all other one-parent families must participate for an average of 30 hours a week (unless a single parent under age 20 and in school), and two-parent families for 35 hours a week.

Empowering People for Success Program (EPS). This program helps current time-limited families address barriers to employment, and provides safety net services for those no longer receiving TFA. The Connecticut General Assembly created the program in 1997 as part of the comprehensive welfare reforms. The Empowering People for Success Program (EPS) is funded with MOE dollars through DSS and DOL. The following tables describe the four components of EPS: 1) Employment Success Program (ESP) (Table IV-1); 2) Prevention Services (Table IV-2); 3) Safety Net Program (Table IV-3); and 4) Temporary Rental Subsidy Program (Table IV-4).

Table IV-1. Employment Success Program	
<i>Eligibility/ Target Population</i>	<ul style="list-style-type: none"> – Clients are identified as having significant barriers to employment during the initial assessment by the DSS eligibility worker or during the first six months of JFES by their JFES case manager – Clients applying for exemption from work participation for medical reasons and going through the medical review process are also eligible for ESP – Qualifying ESP clients must specifically have one or more barriers in the following areas: <ul style="list-style-type: none"> • transportation; • children's issues; • employment issues; • mental health issues; • physical health issues; • substance abuse/use; • domestic violence; • education; and • other (e.g., application for a 2nd or greater extension, non-compliance, etc.).
<i>Program Description</i>	<ul style="list-style-type: none"> – Referral documents are faxed to the Connecticut Council of Family Service Agencies (CCFSA), a network of non-profit family organizations (e.g., Catholic Family Services) that provide ESP services from more than 90 locations across the state – Program provides home visits, in-depth assessment, intensive case management and referrals to community resources
<i>Length of Service</i>	– Three to six months, based on client need
<i>Agency Responsible</i>	– DSS
<i>Program Cost and Usage</i>	– \$515,600 expended to process 816 referrals and serve 515 families in FY 06 (Employment Success Program and Safety Net Program combined)

Table IV-2. Prevention Services	
<i>Target Population</i>	<ul style="list-style-type: none"> – Clients who have received their second sanction – May on occasion be offered to clients who have fewer than two sanctions – Participation in Prevention Services is voluntary
<i>Program Description</i>	<ul style="list-style-type: none"> – Offers support needed to restore client's good faith effort – Client works intensively with Prevention Services case manager <ul style="list-style-type: none"> • A short-term plan of 30 to 60 days (called an Individual Performance Contract or IPC) is developed to address any major barriers to employment • IPCs may require participation in job training, job search, volunteer work, parenting programs, and counseling
<i>Length of Service</i>	– Minimum of 30 days
<i>Agency Responsible</i>	<ul style="list-style-type: none"> – In October 2001, in accordance with PA 01-2, June Special Session, the responsibility for and administration of Prevention Services was shifted from DSS to DOL. – DOL contracts with the Connecticut Council of Family Service Agencies to provide Prevention Services
<i>Program Cost and Usage</i>	– \$320,000 expended for 306 referrals made in FY 06 (160 cases opened and received intensive services)

Table IV-3. Safety Net Program	
<i>Target Population</i>	<ul style="list-style-type: none"> – Clients who have received two or more sanctions or have been sanctioned during an extension, and are not now receiving TFA – DSS notifies Safety Net Program that client has been sanctioned off of TFA – Safety Net Program then determines whether client would benefit from Safety Net
<i>Program Description</i>	<ul style="list-style-type: none"> – Provides basic needs to clients including food, clothing and rental assistance through a vendor or voucher – Also provides employment assistance, eviction prevention, intensive case management, and ongoing monitoring for child abuse and neglect
<i>Length of Service</i>	– Up to 18 months overall, and up to 6 months for rental assistance
<i>Agency Responsible</i>	– DSS contracts with the Connecticut Association for Community Action and with the Connecticut Council of Family Service Agencies (CCFSA) to administer the Safety Net Program, and CCFSA subcontracts with the United Way to provide payment for basic needs
<i>Program Cost and Usage</i>	– \$1,158,136 expended for 158 families in FY 05. Of that amount, \$271,270 was paid to families for basic needs

Table IV-4. Temporary Rental Subsidy Program (TRSP) Program terminated June 30, 2006	
<i>Target Population</i>	<ul style="list-style-type: none"> – Current TFA recipients with unstable housing as a barrier to employment – Former TFA recipients who have exhausted their 21-month TFA time limit, or been sanctioned off of TFA, resulting in homelessness or risk of homelessness – To qualify, clients must initially have income below the TFA payment standard and, while receiving the subsidy, cannot have income above 50 percent of the area median income or 75 percent of the state median income
<i>Program Description</i>	<ul style="list-style-type: none"> – Clients locate their own housing, including private housing that meets the TRSP requirements <ul style="list-style-type: none"> • Qualifying families are required to pay 30 percent of their income for the cost of the rental unit, with TRSP paying the balance of the rent • The average subsidy is \$654 per month
<i>Length of Service</i>	– Up to 12 months
<i>Agency Responsible</i>	– DSS
<i>Program Cost and Usage</i>	– \$442,777 expended for 50 families in FFY 06 (Funding level and number of families participating varies from year to year, depending on the amount appropriated for that particular year)

Beyond the four components of EPS, there is a Transitional Rental Assistance Program (see Table IV-5) available to some families.

Table IV-5. Transitional Rental Assistance Program (T-RAP)	
<i>Target Population</i>	<ul style="list-style-type: none"> – Clients who leave TFA and are employed at least 12 hours per week or have income which exceeds the TFA payment standard – Prior to 2004, T-RAP targeted clients who had used up their 21 months of TFA and did not qualify for an extension due to income above the TFA payment standard – Maximum allowable income for clients is 50 percent of the state median income (SMI) level (SMI was \$56,409 in 2003) – Clients may apply within six months of leaving TFA – Lottery system used to select from the eligible pool of applicants
<i>Program Description</i>	<ul style="list-style-type: none"> – Provides rental assistance directly to the landlord – Rental must be in privately owned housing – Case management services provided to the client
<i>Length of Service</i>	– Up to 12 months
<i>Agency Responsible</i>	– DSS administers the program via a contractor (currently John D’Amelia and Associates), who in turn subcontracts with 14 local subcontractors (i.e., housing authorities and community action agencies).
<i>Program Cost and Usage</i>	– \$1,062,641 expended for 152 families in FFY 05 (Funding level and number of families participating varies from year to year, depending on the amount appropriated for that particular year)

Diversion Program

Applicants applying for TFA may elect the Diversion Program instead of traditional TFA. Effective since October 1, 1998, the purpose of the Diversion Program is to help families remain self-sufficient instead of becoming dependent on monthly cash assistance. Clients are given assistance in the form of a lump sum payment equivalent to up to three months of TFA cash assistance.

The Diversion Program is geared toward clients who are likely to succeed with this one-time help. The applicants to this program need to be working or have received a job offer, have a strong work history, marketable skills, and barriers they should be able to overcome or remove within a three-month period if given the lump sum payment.

A client is ineligible for TFA for three months after receiving a Diversion Program payment unless the family experiences undue hardship. The family is considered to have an undue hardship when there are forces beyond the client's control that result in serious threats to the health, safety or welfare of the family, and do not allow the client to maintain or get a job. Should the client become a TFA recipient in the future, then the Diversion Program payment counts as three months of payments out of the client's 21-month time limit.

DSS eligibility services specialists are required to give clients a side-by-side comparison of the benefits they would receive under either TFA or the Diversion Program. Less than a dozen families annually choose the Diversion Program over TFA. This results in longer-term dependency for families that could otherwise be served with a one-time lump sum payment. In June 2006, for example, only one family consisting of one adult and five children was enrolled in the Diversion Program.

Additional Supports for TFA Recipients

Beyond these programs and services, TFA recipients may receive child care assistance through the Care 4 Kids program, food assistance through Food Stamps, and medical assistance through HUSKY. Each is now briefly described.

Care 4 Kids. Connecticut's child care subsidy program, Care 4 Kids, was designed to offer financial assistance to moderate- and low-income families who need help to pay for child care. All time-limited clients are eligible for Care 4 Kids while on TFA and also when they leave cash assistance as long as they meet the eligibility requirements. The vouchers may be used at centers, licensed family day care homes, and unlicensed family and neighbor care. Payment rates differ based on the age of the child, type of child care provider, range of hours for which assistance is provided, existence of a child's special needs, and region of the state. Full-time care (35-50 hours per week), for example, ranges from \$89 per week (for care in any region by a relative, care in the child's home, or recreational programs) to \$227 per week (for care in the southwest region of the state in a licensed facility such as a child care center, group child care home, or school-operated program).

Out of approximately 10,750 families receiving Care 4 Kids subsidies in May 2006, a total of 1,721 were TFA families.

Food Stamps. Connecticut uses a joint TFA/Medicaid/Food Stamps application, although persons can apply for just one, two or all of the programs. Almost all TFA recipients qualify for food stamps, a USDA federal program designed to help end hunger and improve nutrition and health. Food stamps are intended to assist low-income households buy the food they need for a nutritionally adequate diet. The monthly food stamp amount ranges from a maximum benefit of \$152 to \$1,140, depending on the number of people in the food stamp unit. A family of three, for example, would receive a maximum of \$399 per month in food stamps. Note that young mothers (18 or 19 years old) who live with their parents would not qualify for food stamps if their parents are over the eligible income level, nor would young mothers below a certain age who are not part of an assistance unit.

Medicaid. Almost all TFA clients qualify for HUSKY A for families. They also continue to receive HUSKY A after they leave TFA as long as family income does not exceed 150 percent of the federal poverty level. Once income goes above 150 percent of the federal poverty level, families receive transitional HUSKY A for one year. (Prior to July 2006, families had received two years of transitional HUSKY A.) After the transitional year, children may continue to receive either HUSKY A (if family income is below 185 percent of the federal poverty) or HUSKY B (if family income is above 185 percent of the federal poverty level). According to a September 24, 2003 OLR Research Report, the state spent just over \$62 million during the first two quarters of FFY 02-03 on Medicaid benefits for families receiving TFA.

Chapter Five

Description of TFA Study Sample Population

Chapter Two examined trends in the characteristics of the Jobs First clients overall, and Chapters Three and Four described the processes and programs available to TFA recipients. Chapters Five, Six, and Seven provide more detailed information about a sample of 1,278 Jobs First clients (1,171 families or assistance units) used by the program review committee to assess the outcomes of the Jobs First Employment Services program and its success, a main focus of the study.

This chapter discusses how the sample and database were derived and presents descriptive information about the sample population. Specifically, demographic characteristics and history on cash assistance including extensions and sanctions is provided as well as a comparison of time-limited and exempt families. DSS and WIB regional differences are described as well as barriers to employment, and financial condition of the families in October 2003.

Key Findings

Description of time on TFA (cash assistance)

- More applicants are approved than denied for TFA (60 percent approved)
- Few Connecticut welfare recipients received welfare in another state
- Three-quarters of the sample had been on TFA prior to October 2003
 - one-third of the sample had a history of receiving cash assistance dating back to the 1990s
- Slightly more than half (51 percent) of time-limited families (as of October 2003) had at least one extension and one-third (35 percent) at least two extensions

Sanctioning

- For every three clients referred for sanctioning, just one was actually sanctioned
- During their entire time on TFA, 22 percent were sanctioned at least once
- Only 2 percent of the sample left TFA due to sanctioning

Time-limited vs. exempt families

- Most of the families entering TFA in October 2003 had a status of time-limited (71) percent)
- Time-limited and exempt status was fairly fluid, changing at least once for 39 percent of families

Description of family needs

- Approximately one-third of the study sample clients for which this information was known had three or more barriers to employment
- The most prevalent barriers to employment were: transportation; child care; low math and reading skills (literacy); limited work history; and lacking a high school diploma or GED

Financial condition

- Over half the families had no reported income for July-September 2003, the quarter prior to TFA opening
- While not required to be employed, approximately one-third of the exempt families had earnings in each of the quarters they were receiving TFA

Sample Compilation

To compile the sample, PRI staff asked DSS to identify *all* applicants deemed eligible for TFA in October 2003. These families were then followed through August 2006, the latest information available at the time the sample was selected. The month of October 2003 was selected because it was the most recent time that would allow for 21 months of cash assistance plus two six-month extensions.¹⁰

Study sample selection. In October 2003, DSS decided the eligibility of 2,148 applicants for cash assistance (TFA). DSS determined that 1,278 applicants (60 percent) were eligible for TFA. These applicants made up 1,171 families (also referred to as households or assistance units). While the eligibility was determined in October 2003, the application for TFA may have occurred in October 2003 or earlier. The study sample was compared with other DSS and DOL regional and demographic information and found to be representative of the overall Connecticut TFA population (see Appendix G).

Study sample database development. Both DSS and DOL accessed their relevant databases to provide comprehensive information on each of the families in the sample. PRI staff provided identifying information to DOL so that information about the sample clients' Jobs First Employment Services program experience could be gathered from the Connecticut Works Business System.

The CTWBS was developed by DOL with its workforce partners, and is the automated computer business system that is the key coordinator for the delivery of services at the One Stop Career Centers. All activity on JFES clients is entered into the CTWBS and is immediately available to staff working with JFES clients.

The labor department also gathered information from its Wage Records Database and the Unemployment Insurance Benefits Database. Wage and unemployment insurance information was provided for 41 quarters, from the first quarter of 1996 through the first quarter of 2006.

Finally, DSS accessed information from 54 different department databases to provide information on the sample in such areas as: demographic characteristics; TFA cash assistance, food stamps, and housing subsidies; assets and income (including child support); period of time on federal TANF and state TFA counters; status on TFA (time-limited/exempt, open/closed); sanctions; and extensions.

The Department of Social Services uses a mainframe computer system for its eligibility management system (EMS). The system is more than 20 years old and has many limitations; problems with the system and its impact on the study sample are explained throughout the chapter.

Ineligible TFA applicants. In October 2003, DSS determined the eligibility of 2,148 applicants; 1,278 were found eligible and 870 (40 percent) were deemed ineligible for TFA. *More applicants are approved than denied for TFA (60 percent approved).* The committee's

¹⁰ There are 35 months from October 2003 to August 2006, counting the first and last months.

study focuses only on the applicants deemed eligible; however, Table V-1 provides information on the denied cases. *The most frequent reasons for denying TFA to applicants included failure to give necessary information to establish eligibility or having income in excess of the limit allowable under eligibility determination.* Four applicants in the “other” category were denied TFA because they failed to cooperate with child support requirements.

Table V-1. Reasons for Denying Applicants TFA		
<i>Reason</i>	<i>Number of Applicants</i>	<i>Percent of Applicants</i>
Failed to give info to establish eligibility	223	26%
Total income exceeds limit	145	17%
Voluntary withdrawal of application	96	11%
Earned income equals or exceeds Federal Poverty Level	57	6%
Application opened in error	57	7%
Received 21 months and no extension approved	61	7%
Other	231	26%
Source: LPRIC analysis of Department of Social Services data		

Breakouts of sample for analyses. Clients either participate in the JFES program (due to time-limited status) or are exempt from JFES participation (due to exempt status). Of the 1,171 families, 837 (71 percent) were “time-limited” in October 2003, while 29 percent of families entering TFA in October 2003 had exempt status. The 1,171 families in the sample included families who either:

- were new to TFA (475);
- had previously been a TFA time-limited recipient family (577); or
- were actually a continuation of an active case that had been granted an extension, closed and reopened due to missing paperwork, etc. (119).

The last group of 119 was excluded from many of the analyses as, while technically considered newly opened cases, for practical purposes they were not new (or returned to TFA after a closure of 30 or more days). In particular, this group was excluded from analyses regarding *current* JFES activity.

Some analyses also excluded some cases from the first two groups. Sample cases that remained open the entire period from October 2003 through August 2006, for example, are excluded from analyses regarding reasons for closure and study outcomes.

Finally, approximately 20 percent of the time-limited families were not enrolled in JFES and are excluded from analyses of the time-limited clients who were active in the JFES program.

Ultimately, key analyses were done for the 747 new or returning families who were not exempt and had participated in JFES. (329 new active and 418 returning active).

Description of Approved TFA Applicants in Sample

Characteristics of sample TFA clients. In October 2003, DSS determined that 1,278 applicants (60 percent) were eligible for TFA. Table V-2 shows the characteristics of these eligible applicants. *The clients are not especially young: two-thirds of the recipients are between 22 and 39 years old, and the largest racial/ethnic group is Hispanic, followed by Caucasians. Nearly nine in ten are female, and over half (58 percent) have at least a high school diploma or GED.*

Table V-2. Characteristics of TFA Clients Approved in October 2003		
<i>Characteristic</i>	<i>Number of Approved Applicants</i>	<i>Percent of Approved Applicants</i>
Age		
16-18	75	6%
19-21	195	15%
22-29	492	38%
30-39	339	27%
40-49	158	12%
50-59	16	1%
60+	3	<1%
Average: 29 years old		
Race/Ethnicity		
Hispanic	515	40%
Caucasian	405	32%
African-American	345	27%
Asian	11	1%
Native American	2	<1%
Gender		
Female	1,119	88%
Male	159	12%
Education		
1-8 th grade	89	7%
9-11 th grade	450	35%
HS Diploma/GED	604	47%
Some College/Degree	108	8%
Unknown	27	2%
Note: Percents may not total to 100 percent due to rounding.		
Source: Department of Social Services EMS		

Characteristics of sample TFA households. As noted, the 1,278 clients were part of 1,171 families. *Most of the 1,171 families (937) were single parent assistance units (80 percent), 121 were pregnant women (10 percent) and 113 were two-parent families (10 percent).*

Table V-3 shows that less than 10 percent were married at the time, and two-thirds had never been married. The majority of households were located in urban areas. A comparison of families in urban, suburban and rural areas is found in Appendix H.

Table V-3. Characteristics of TFA Households Approved October 2003		
<i>Characteristic</i>	<i>Number of Households</i>	<i>Percent of Households</i>
Marital Status		
Single, Never Married	795	68%
Married	103	9%
Separated (including Married living apart)	132	11%
Divorced	66	6%
Widowed	7	1%
Unknown	68	5%
Urban/Suburban/Rural¹		
Urban	714	61%
Suburban	356	30%
Rural	55	5%
Unknown	46	4%
¹ Based on the number of persons per square mile, “rural” was defined as less than 500 persons per square mile, “suburban” as 500-3000 persons per square mile, and “urban” as over 3,000 persons per square mile. Source: Department of Social Services EMS		

As seen in Table V-4, *TFA households averaged two children and one adult* in the 1,171 assistance units in October 2003. Almost one quarter of the households (23 percent) also had an adult child (20 years of age or older) included in the number of adults in the household. Through August 2006, there was no evidence in the study sample of *a significant number of “cap babies” or instances where recipients conceive another child while on TFA*. There were 206 assistance units (18 percent) with a child under the age of one year old, an automatic reason for exemption from the JFES program.

Description of Time on Cash Assistance

History of cash assistance in another state. There is a federal maximum time limit of 60 months that any TANF recipient required to work may receive benefits. According to information DSS obtains from other states, *few of Connecticut’s welfare recipients receive welfare in another state*. Of the 1,278 TFA clients who began receiving cash assistance in October 2003, there were 60 clients (5 percent) who had also received TANF in another state. Appendix I shows the other states in which clients had received TANF, from as little as one month to as many as 60 months.

Table V-4. Number of Household Members			
	<i>Number</i>	<i>Percent</i>	<i>Cumulative Percent¹</i>
Number of Children in Household 19 years of age or younger			
0	105	9%	9%
1	484	41%	47%
2	313	27%	73%
3	179	15%	89%
4	71	6%	97%
5	19	2%	100%
<i>Average=2 children</i>			
Number of Adults in Household			
1	705	60%	60%
2	354	30%	90%
3	97	8%	98%
4	15	1%	99%
<i>Average=1 adult</i>			
Size of Total Household			
1	98	8%	8%
2	385	33%	41%
3	290	25%	66%
4	197	17%	83%
5	119	10%	93%
6	82	7%	100%
<i>Average=3 household members</i>			
¹ Percents may not total to 100 percent due to rounding. Source: Department of Social Services			

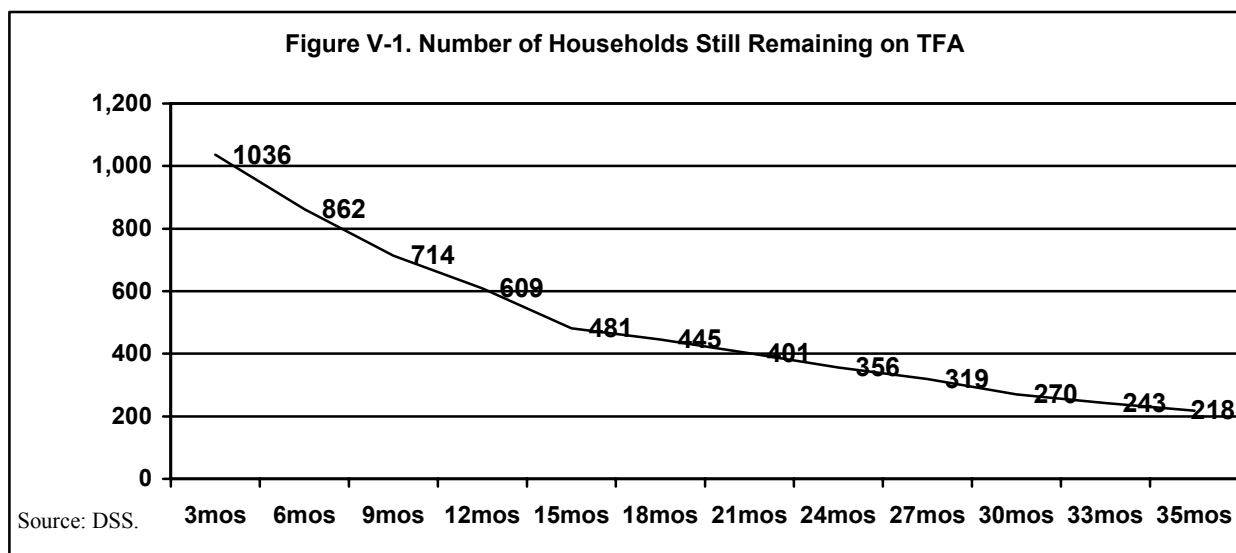
Time on TFA. As described in Chapter Three, there are official time counting mechanisms in place, including the Jobs First/AU counter and the state TFA counter. The Jobs First/AU counter is overwritten each month to reflect the most recent number of months on TFA. It correlates highly with the state TFA counter, which is not overwritten each month, so program review committee staff used the state TFA counter for historical data.

More than three-quarters of the sample (77 percent) had been on TFA September 2003 or earlier with a status of time-limited. One-third of the sample had a history of receiving cash assistance dating back to the 1990s--169 received TFA as early as 1996 (It is unknown how many clients received cash assistance as exempt clients because counters only change for time-limited recipients). Appendix J provides additional information about time on TFA for the sample.

Extensions. *Slightly more than half (51 percent) of time-limited families (as of October 2003) had at least one extension and one-third (35 percent) at least two extensions. One-third of the exempt families, however, had at least one extension, indicating that they had spent more*

than 21 months as a time-limited client despite their exempt status. Appendix K shows additional detail about the number of extensions for TFA recipients.

Of the 1,171 heads of household, 83 (7 percent) stayed on TFA from October 2003 through August 2006, the last month for which there is information. As shown in Figure V-1, approximately 12 percent (135 heads of household) had left TFA within three months, by December 2003, and approximately 48 percent (562 heads of household) had left within one year. At 21 months, 401 heads of household (34 percent) remained on TFA.



Sanctions

The Department of Social Services maintains policies that levy financial penalties on noncompliant families and eventually remove them from the TFA caseload. As noted in Chapter Three, sanctions or penalties are applied during the first 21 months of receipt of TFA for failure, without good cause, to cooperate with the requirements of Jobs First Employment Services, for voluntarily quitting a job without good cause and for being fired for willful misconduct. TFA benefits are reduced by 25 percent for three months for the first offense, by 35 percent for three months for the second sanction, and no benefits are issued for a three month period for the third sanction.

Program review committee staff analyzed information about the 754 clients in the study sample who were referred for sanctioning. Appendix L provides a flowchart of the sanctioning process, along with the actual numbers of referrals and outcomes from CTWBS for the 754 sanctioned sample clients. Of the 754 clients referred for sanctioning, only 236 (31 percent) were actually sanctioned, 35 percent were found by DSS to have good cause (and thus avoid a sanction), and the remaining 34 percent were withdrawn or had no further action associated with the sanctioning process. Based on this information, one would estimate that *for every three clients referred for sanctioning, just one will actually be sanctioned.*

Characteristics of sanctioned families. Table V-5 shows the factors associated with sanctioned families in the study sample. *Sanctioned families are more likely to be younger, have a higher JFES program intensity level, have a transportation barrier, participate in the Northwest Regional WIB, and be in the Western DSS Region.*

Table V-5. Factors Associated with Sanctioned Families	
<i>Factor</i>	<i>Percent Sanctioned</i>
Head of Household Age	
16-24 years old	33%
25-30 years old	14%
31+ years old	17%
JFES Program Intensity	
No core or non-core activities	13%
1 type of activity	26%
2 types of activities	27%
3+ types of activities	36%
Transportation barrier to employment	
	31%
WIB Region	
Eastern	26%
North Central	20%
Northwest	35%
South Central	15%
Southwest	21%
DSS Region	
Northern	21%
Southern	18%
Western	28%
Source: EMS and CTWBS	

Exempt and Time-Limited Status of TFA Families

Time-limited families left at a greater rate than the exempt families (see Figure V-2).

Reasons for exemption from participating in JFES. The reasons for exempting 334 adults from participating in JFES are shown in Table V-6 (information was not available for 54 adults). The most frequent reason for exemption was caring for a child under one, followed by the DSS eligibility worker determining that the adult was incapacitated (usually temporarily). Characteristics that differentiate each of the four most frequent reasons for exemption from JFES are shown in Appendix M.

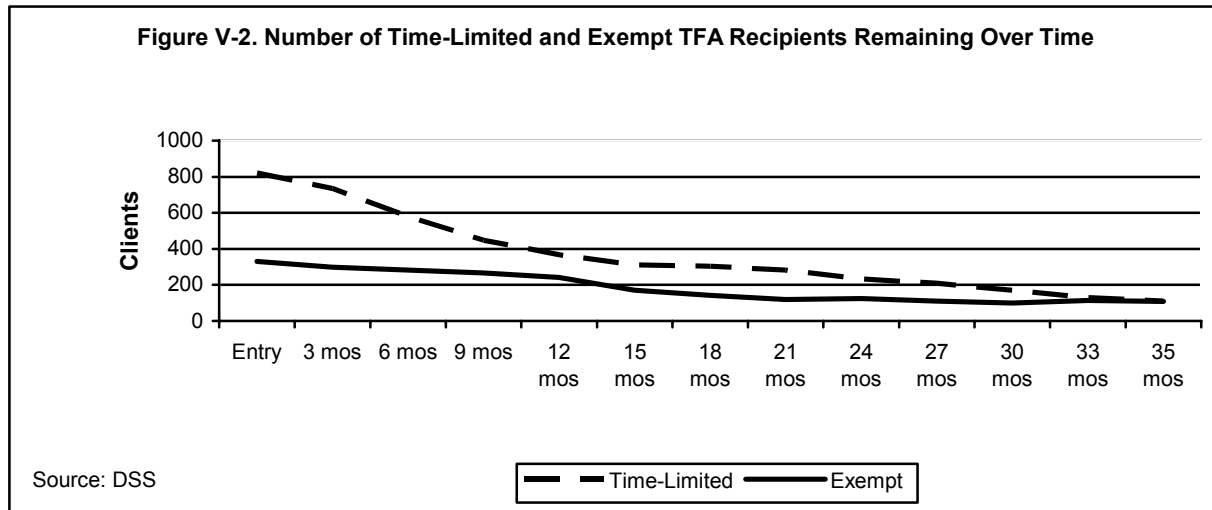


Table V-6. Reasons for Exemption from Participating in JFES		
<i>Reason</i>	<i>Number¹</i>	<i>Percent</i>
Caring for a child under one year of age	142	51%
Eligibility worker determined adult is temporarily incapacitated	84	30%
Medical Review Team approved longer term medical incapacitation	22	8%
Pregnant/post-partum and ill	19	7%
Caring for incapacitated household member	9	3%
Adult is unemployable	1	<1%
Adult is under age 19 years old	1	<1%
Adult is age 60 and over	2	1%
¹ No information on reason for exemption for 54 adults. Percents based on 280 adults for which there is information.		
Source: Department of Social Services		

The largest proportion of exempt families currently receiving cash assistance are called “child-only” cases; these are situations where a non-parent relative—usually a grandparent—is raising a child. DSS’ eligibility system does not have an easy way to identify these cases; it is not actually one of the reasons for exemption. Because so many of the exempt cases remaining on the caseload are child-only cases, **the committee recommends:**

DSS should find a simple way to identify child-only cases, such as adding this category to the reason for exemption menu in EMS.

Change in status from October 2003 to the first time case closed. *Time-limited and exempt status is fairly fluid, changing at least once for 39 percent of families. While most of the 791 time-limited families (92 percent) remained mandatory JFES participants and thus time-limited, over half (55 percent) of the 297 exempt families were time-limited at the time their cases closed.*

Exempt clients who changed to time-limited. Table V-7 shows the reason for exemption and the percent that changed to time-limited status by closure, or if still open, by August 2006. As would be expected, *almost two-thirds of adults caring for a child under one (61 percent) became mandatory JFES participants. A sizeable number of adults in the other groups also became mandatory JFES participants.*

Of the 129 families exempt due to caring for a child under one who closed, 70 (54 percent) subsequently became time-limited and active JFES participants. (Note that 8 parents had become time-limited but were considered inactive JFES clients, and 51 did not become time-limited).

Table V-7. Percent that Changed to Mandatory JFES Participant by Exemption Reason Given in October 2003

<i>Exemption Reason</i>	<i>Exempt on October 2003</i>	<i>Changed to Mandatory JFES Participant by Closure</i>	<i>Percent Changed to Mandatory JFES Participant by Closure</i>
Caring for a child under one year of age	142	86	61%
Eligibility worker determined adult is temporarily incapacitated	84	32	38%
Medical Review Team approved longer term medical incapacitation	22	7	32%
Pregnant/post-partum and ill	19	8	42%
Caring for incapacitated household member	9	3	33%
Adult is unemployable	1	1	100%
Adult is under 19 years old	1	1	100%
Adult is age 60 and over	2	0	0%
Source: Department of Social Services			

In examining the 83 families who were TFA recipients the entire 35 months (October 2003 through August 2006), there were 37 families who were exempt in October 2003 and 46 families who were time-limited, mandatory JFES participants. The time-limited or exempt status changed at least once for 66 percent of these families, with some families having as many as four status changes. Half of the cases that opened time-limited (50 percent) were exempt 35 months later. Nearly half of the cases that opened exempt (46 percent) were time-limited 35 months later.

Regional Breakout of the Sample

DSS regions. Of the 1,278 TFA clients in the study sample, *the Northern DSS region had the most sample TFA recipients* (approximately 42 percent) and the Western and Southern regions each had 29 percent of the sample. A more detailed demographic breakdown of the sample clientele by DSS region is provided in Appendix N, and the towns and cities within each of the three DSS regions are found in Appendix O.

WIB regions. *There are differences in the number of TFA cases among the five regional workforce investment boards (WIBs), with the North Central WIB having the most sample JFES participants (36 percent), almost twice as many as the next largest region (19 percent in the South Central Region). Appendix P shows the demographic differences that were found across the five WIB regions for the sample.*

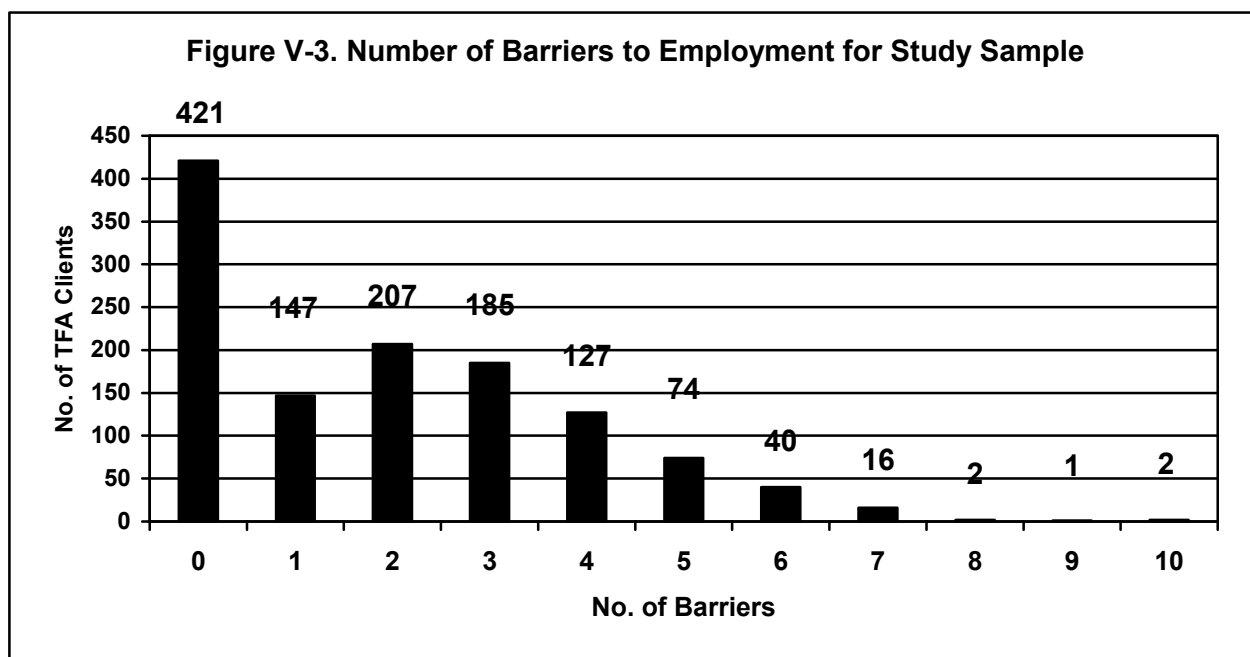
Description of Family Needs

Barriers to employment. Information was available from CTWBS for 1,222 of the 1,278 TFA recipients in the study sample (96 percent). Table V-8 shows the reported incidence of barriers to employment during the development of the JFES employment plan (at registration). It is important to note that the barriers are identified by JFES case managers when developing participants' employment plans and do not necessarily reflect the total number of actual current employment barriers (per Note in "At-A-Squint" Reports).

The most prevalent barriers to employment are: transportation; child care; low math and reading skills; limited work history; and lacking a high school diploma or GED.

<i>Barrier to Employment</i>	<i>No. of Clients with Barrier¹</i>	<i>% of Clients with Barrier</i>
Transportation	495	40%
Child Care	424	35%
Low Math and Reading Skills	318	26%
Limited Work History	300	24%
Lacking High School Diploma/GED	233	19%
Physical Health Issues	112	9%
Language	108	9%
Housing	104	8%
Personal/Family Issues	57	5%
Lack of Credentials/Licensing	55	4%
Behavioral Health Issues	43	4%
Legal Issues	40	3%
Domestic Violence	32	3%
Substance Abuse	21	2%
Learning Disability	20	2%
Criminal History	6	<1%
Other	23	2%
¹ Information available on 1,222 clients in the study sample. Source: Department of Labor CTWBS		

Approximately one-third of these 1,221 clients had three or more barriers to employment as reported by the JFES case managers (Figure V-3). More information about barriers to employment is contained in Appendix Q.



Financial Condition of Families in Study Sample at Case Opening

Assets and income. Table V-9 shows the assets and income for the families in the study sample in October 2003 based on data from DSS. *Almost no families owned a home and approximately one-third were receiving a housing subsidy or living in public housing.*

One in six had earned income in the month they began receiving TFA and one-third had earned income in the quarter in which they began receiving TFA. Nearly half (49 percent) had some form of unearned income (excluding TFA). Appendix R shows the change in assets and income from TFA opening to closing.

Income was also assessed using information obtained from the Department of Labor earned wage database. In the third quarter (July-September) of 2003, the quarter most closely reflecting the families' financial condition as of October 2003, wages were reported for 42 percent of the 1,171 households in the sample. There were also 170 families who had members receiving unemployment compensation in that quarter, slightly less than the 188 figure reported by DSS for October 2003.

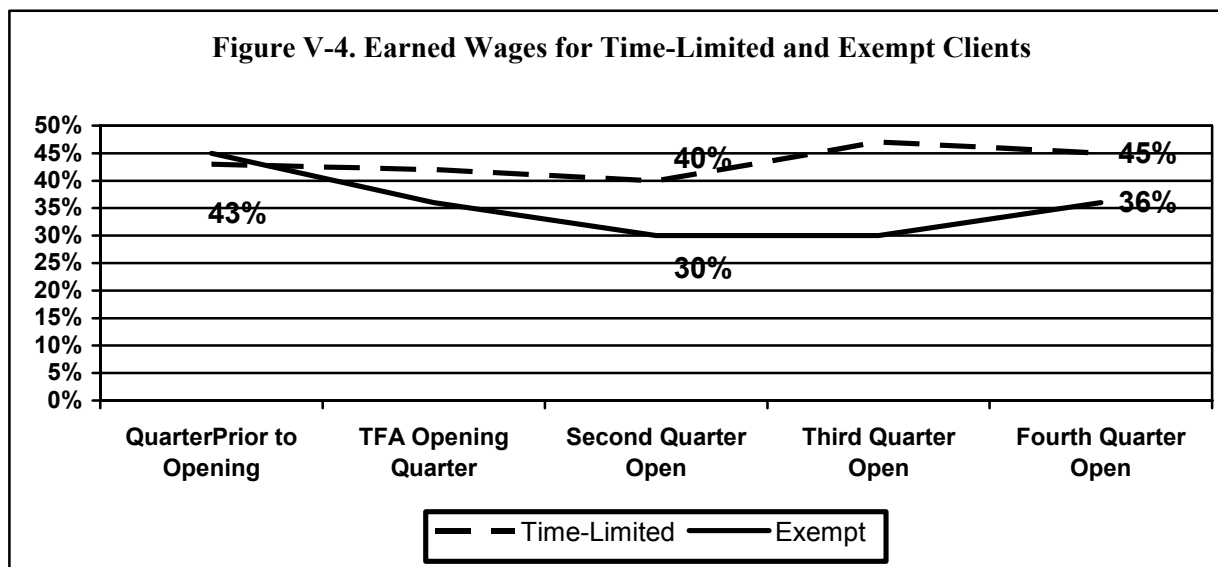
Regardless of whether they were exempt from JFES or required to participate in employment services ("time-limited"), all TFA families received cash assistance. Adjustments to the payment standards were made depending on unearned income sources, such as housing subsidies and child support. Table V-10 shows the average cash payment in October 2003 by size of household. *The median TFA payment was \$440 for a family of three.* Additional information about TFA recipients and food stamps, housing, child care, and health insurance assistance are found in Appendix S.

Table V-9. Assets for the 1,171 TFA Families in the Study in October 2003		
<i>Asset</i>	<i>No. of Families</i>	<i>% of Families</i>
Own a vehicle (car, truck or motorcycle)	353	30%
Own a home	10	1%
Income		
Gross Earned Income (avg=\$647 per month) based on DSS EMS	203	17%
Quarterly Earned Income (avg=\$1,812 per quarter) based on DOL earned wage database	436	37%
Receiving A Housing Subsidy/Living in Public Housing	350	30%
Receiving Any Unemployment Compensation	188	16%
Receiving Any Child Support	62	5%
Receiving Social Security	46	4%
Gross Unearned Income (avg=\$687)	572	49%
Source: DSS		

Table V-10. Average TFA Payment in October 2003 By Size of Assistance Unit	
<i>Household Size</i>	<i>Monthly TFA Payment</i>
1 (n=97)	\$318
2 (n=383)	\$387
3 (n=290)	\$440
4 (n=195)	\$509
5 (n=118)	\$520
6 (n=82)	\$603
Total (N=1,165)	\$444
Source: DSS	

<p>Earned income in the quarter prior to TFA. Table V-11 shows categories of quarterly household earned income as recorded on the DOL wage database for the third quarter of 2003. <i>Over half the families had no reported income for July-September 2003, the quarter prior to TFA opening.</i> (Note that the Federal Poverty Level for a family of three was \$15,670 in 2003).</p> <p>Table V-11. Third Quarter 2003 Earned Income for the 1,171 Study Households</p>			
<i>Quarterly Earned Income</i>	<i>No. of Households</i>	<i>% of Households</i>	<i>Cumulative %</i>
\$0 (\$0 per month)	675	58%	58%
\$1-300 (up to \$100 per month)	59	5%	63%
\$301-1,500 (up to \$500 per month)	34	2%	66%
\$1,501-3,000 (up to \$1,000 per month)	267	23%	88%
Over \$3,000 (over \$1,000 per month)	136	12%	100%
Source: Department of Labor Earned Wage Database			

Earned wages for time limited and exempt clients during their time on TFA. Figure V-4 shows the percent of earned wages for time-limited and exempt clients while they were on TFA. *While not required to be employed, approximately one-third of the exempt families had earnings in each of the quarters open.*



EMS. EMS generates an estimated 89,000 Income Eligibility Verification System (IEVS) alerts each month. These are computer matches with the Department of Labor wage database and unemployment files, the Internal Revenue Service 1099 (unearned income) files, and the Social Security Administration benefit and wage files. Alerts are regularly sent to DSS Eligibility Workers when there is a discrepancy between employment information on EMS and employment information on these other databases; however, because there are so many alerts, workers are unable to follow up in a timely manner. **The program review committee recommends:**

EMS levels of alerts should be developed by DSS so that when quarterly wages are found to be above the Federal Poverty Level, they are tagged as a high priority alert, and the appropriate parties can then further research the family's earned wages.

Beyond the alerts, there are other EMS limitations:

- it is difficult to incorporate any programmatic or policy change without a labor intensive effort;
- the system is reliant on lengthy narrative to understand the history of the case;
- the system is unable to fully monitor cases--for example, it cannot accurately state a client's number of sanctions or whether a client is time-limited but continues to receive cash assistance without JFES referral or registration; and
- the system is inefficient and has very limited reporting capabilities.

It took approximately four months from the program review committee staff date of request for DSS to complete the provision of requested data. While the committee is deeply grateful to the dedicated staff that spent many long hours providing this information critical to the study of Connecticut's welfare reform initiative, enhancements to the system are needed to save time and money, and promote the information support expected for a large public assistance agency. While complete replacement of EMS might be ideal, expense and level of disruption prohibit the committee from making such a recommendation. **Therefore, the program review committee recommends:**

The Department of Social Services should begin exploring software options to enhance the current Eligibility Management System in a way that will support staff and management in their efforts to efficiently and effectively perform their responsibilities.

Jobs First Employment Services: Study Sample Experience

As described in the study scope, advocates have expressed concern about the JFES program adequately preparing parents to successfully leave TFA. This chapter goes beyond the program description and focuses on the actual JFES program experience, based on the program review study sample. Specifically, information about JFES orientation attendance rates and participation in each of the program's core and non-core activities is discussed. Also described is the relationship between the activities clients participate in and their barriers to employment, children's ages, and literacy level.

Key Findings

JFES orientation

- A total of 43 percent attended their JFES orientation the first time it was scheduled
- An additional 14 percent attended the second time it was scheduled
- Adding together third and fourth scheduled times, a total of 64 percent attended their JFES orientation

Time-limited and non-JFES registered clients

- There were 164 clients who were time-limited but did not participate in JFES (20 percent of the one-parent, time-limited clients in the sample)
- Their situations generally fell into three categories:
 - time-limited for 1-3 months, then closed (17 percent);
 - time-limited for 4+ months and then closed (42 percent); and
 - had both time-limited and exempt status (41 percent).

Participation in JFES activities

- While there are a host of possible activities, only four were used with any regularity:
 - job search/job readiness;
 - unsubsidized employment;
 - vocational education; and
 - education directly related to employment.
- Approximately half of sample JFES clients participated solely in unsubsidized employment or job search/job readiness training
- Very few sample JFES clients were receiving treatment for mental health, domestic violence, or substance abuse issues

- JFES clients in unsubsidized employment had the fewest barriers to employment, and those in education directly related to employment had the most, particularly lacking a high school diploma or GED
- Twelve percent of clients in unsubsidized employment were employed less than one month, 68 percent at least 13 weeks, and 46 percent at least 6 months

JFES Orientation

As described in Chapter Three, under Universal Engagement, TFA applicants expected to be time-limited clients must attend a JFES program orientation to begin receiving cash assistance. Figure VI-1 shows the outcomes for 199 clients scheduled for JFES Orientation between October 1 and October 7, 2003. While Figure VI-1 is not related directly to the study sample, this time period is similar to the sample time period, and prior to the Universal Engagement rule requiring attendance at a JFES Orientation to receive TFA.

A total of 43 percent attended their JFES Orientation the first time it was scheduled, and an additional 14 percent attended the second time it was scheduled. Adding together third and fourth times that it was scheduled, a total of 64 percent of the original 199 persons attended their JFES Orientation.

JFES Core and Non-Core Activities

As defined in Appendix D, JFES clients may participate in nine core activities and three non-core activities. In the study sample, there were 747 families new or returning to TFA who participated in JFES, most of whom (672) were categorized as “regular” or “pregnant” cases. *There were also 164 “regular” or “pregnant” clients who were time-limited but did not participate in JFES¹¹.* Their situations generally fell into three categories:

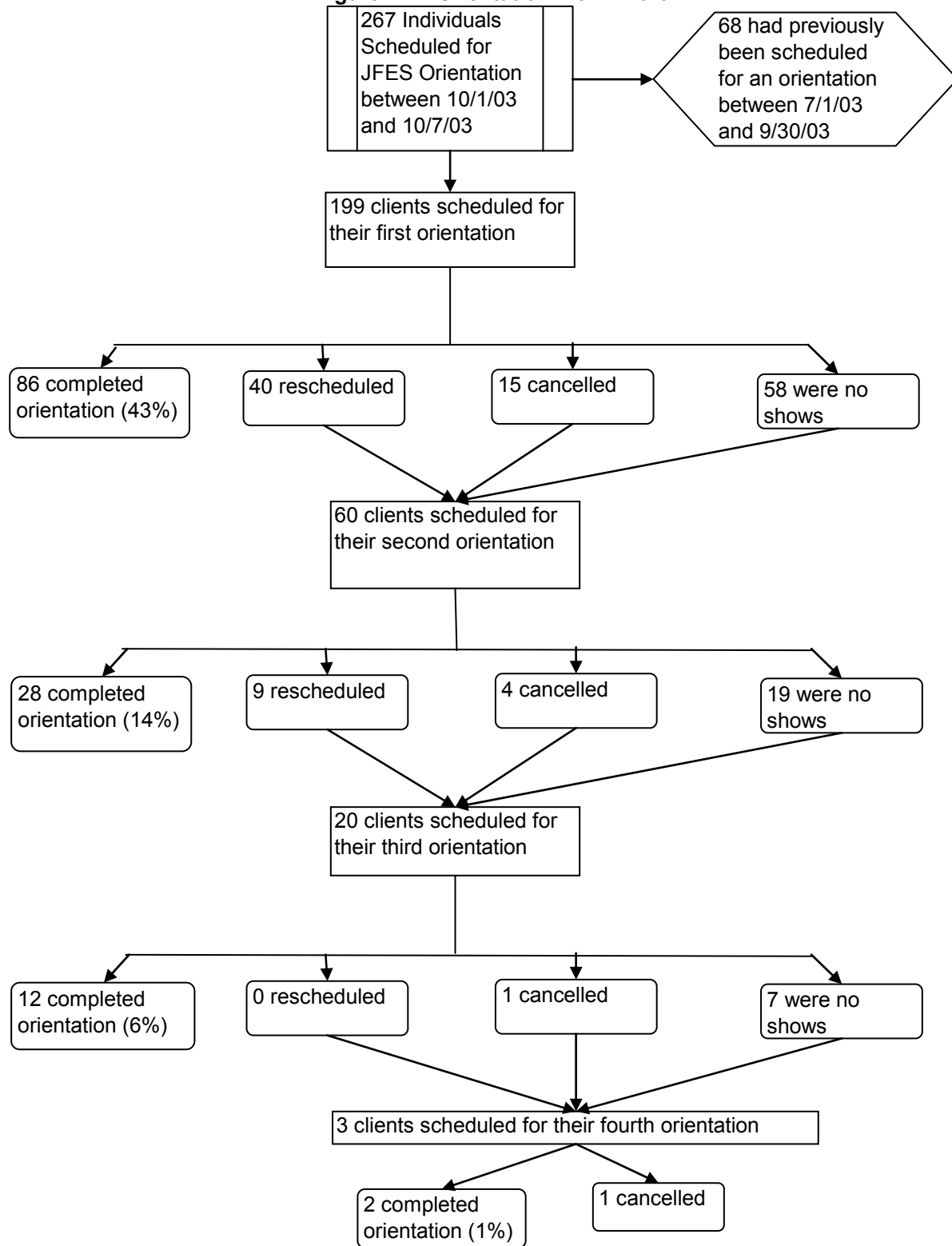
- 28 were time-limited for 1-3 months, then closed (17 percent);
- 69 were time-limited for 4+ months and then closed (42 percent); and
- 67 had both time-limited and exempt status (41 percent).

One in five of the one-parent, time-limited clients (20 percent) were not participating in JFES, including some who received TFA for two or more years. This percent was similar across all three regions. It is not clear what happened in these cases, but DSS and DOL reported that staff layoffs and early retirements made 2003 particularly challenging, which is the year from which the study sample came. While understanding administrative difficulties, losing track of families when they *change their status from exempt to time-limited is a critical problem.* In addition to possible improvements to EMS, **the program review committee recommends:**

The Department of Social Services should give added attention to monitoring families that change from exempt to time-limited status.

¹¹ Two-parent cases are excluded from this analysis as each parent could have a different status, including a time-limited parent who is unable to participate in JFES due to being in this country illegally.

Figure VI-1. Orientation Flow Chart



Source: CTWBS.

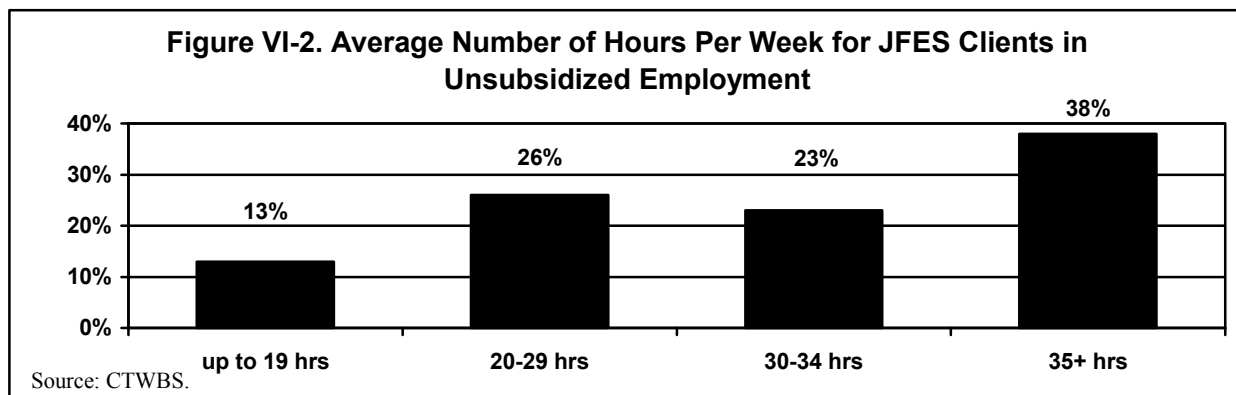
Study sample participation rates in JFES activities. Table VI-1 shows the participation rates in JFES activities for: the 329 families new to time-limited status and participating in JFES; and the 418 families returning to time-limited status and participating in JFES. A similar pattern of activities was found for both the new and returning JFES clients, except that the new JFES clients were more likely to be in unsubsidized employment. (Appendix T shows the activities participated in by the 418 JFES clients previously in the program.)

While there are a host of possible activities for JFES clients, only four are used with any regularity: 1) job search/job readiness; 2) unsubsidized employment; 3) vocational education; and 4) education directly related to employment. It should be noted that 4 percent of the new JFES clients in unsubsidized employment (six people) and 3 percent of the returning JFES clients in unsubsidized employment (nine people) were engaged in self-employment activities and so no earnings would be included in the DOL Earned Wage Database. Approximately half of the active JFES clients were participating solely in unsubsidized employment or job search/job readiness and no other core or non-core JFES activities.

Table VI-1. Participation Rate in Core and Non-Core Activities for JFES Clients New and Returning to Time-Limited TFA

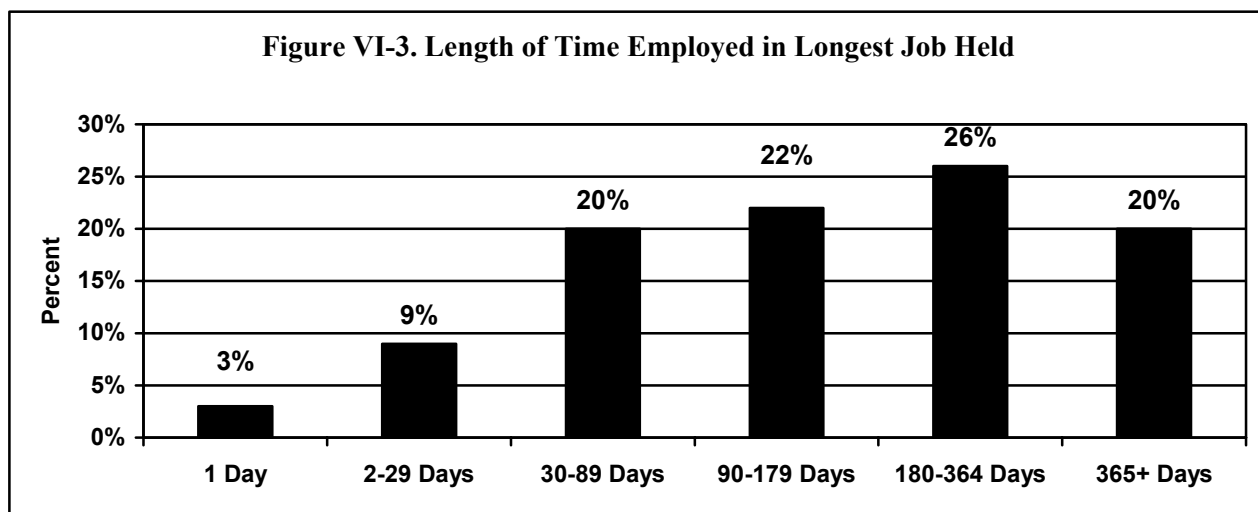
<i>JFES Activity</i>	<i>New JFES Clients</i>		<i>Returning JFES Clients</i>		<i>Total</i>	
	Number	Percent	Number	Percent	Number	Percent
Core Activity						
Unsubsidized Employment	168	51%	176	42%	344	46%
Subsidized Private Sector Employment	10	3%	10	2%	20	3%
Subsidized Public Sector Employment	1	<1%	3	1%	4	1%
¹ Work Experience	6	2%	1	<1%	7	1%
On-The-Job Training	2	1%	3	1%	5	1%
Job Search and Job Readiness Training	198	60%	240	57%	438	59%
Vocational Education Training	80	24%	92	22%	172	23%
Community Service	4	1%	2	1%	6	1%
Child Care for Others Doing Community Service	0	0%	1	<1%	1	<1%
Non-Core Work Activities						
Job Skills Training Directly Related to Employment	13	4%	10	2%	23	3%
Education Directly Related to Employment	48	15%	57	14%	105	14%
High School Completion/GED	5	2%	1	<1%	6	1%
Total	329		418		747	
¹ Consistent with the Deficit Reduction Act definition, beginning July 1, 2006, the activity previously defined as “work experience” will now be included under “subsidized employment.”						
Source: Department of Labor						

Unsubsidized employment. Figure VI-2 shows the average number of hours per week clients in unsubsidized employment spent working (the highest paying job was used for this analysis if clients had experienced more than one job during their time in JFES). Most worked at least 20 hours per week with over half working 30 or more hours per week. Note that the clients working 20-29 hours per week could have been caring for a child under six, and so these hours would be counted toward the work participation rate.



The number of unsubsidized employment experiences the 747 JFES clients had ranged from none to five. Of those who had at least one unsubsidized employment experience, 70 percent had one job and 24 percent had two jobs.

Figure VI-3 shows the length of time employed in the longest job held for 212 of the 344 JFES clients in unsubsidized employment (62 percent). *Twelve percent were employed less than one month, 68 percent employed at least 13 weeks, and 46 percent employed at least 6 months.* CTWBS identified 24 clients who worked in seasonal jobs (7 percent of the 344 with unsubsidized employment), and 58 clients who worked in temporary jobs (17 percent of the 344 with unsubsidized employment).



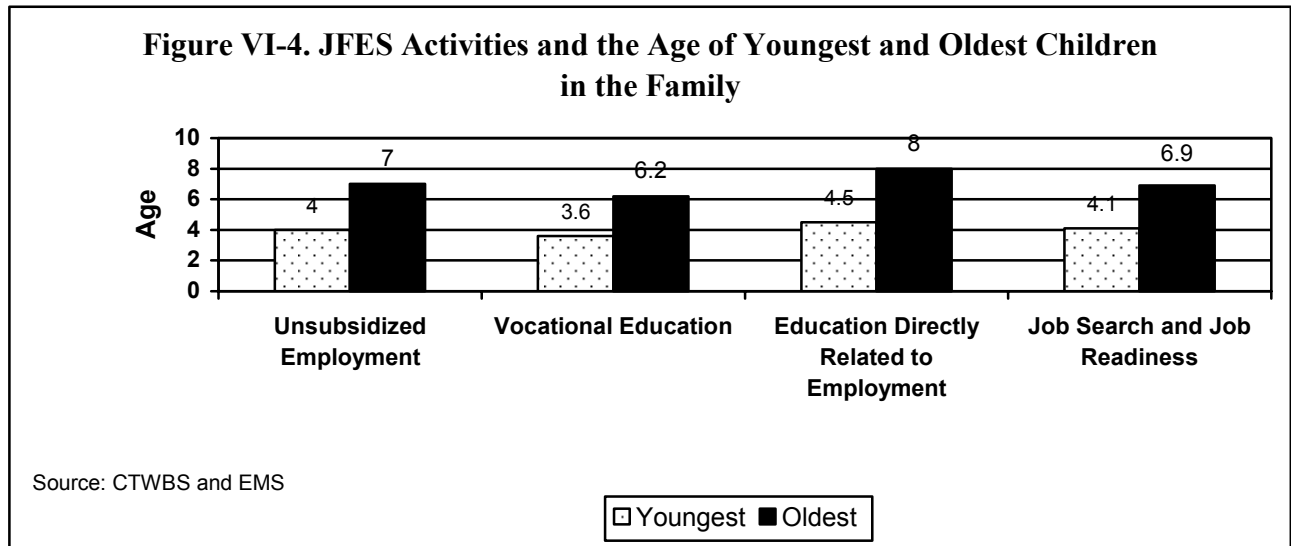
Additional activities. Table VI-2 shows additional activities that clients participated in beyond the core and non-core JFES activities. *The new clients participated in more of the additional activities (not core or non-core JFES activities) than did the returning clients, particularly in child care related activities. Very few JFES clients were receiving treatment for mental health, domestic violence, or substance abuse issues.*

Table VI-2. Participation Rate in Additional Activities for JFES Clients: New and Returning to Time-Limited TFA			
<i>Additional Activity</i>	<i>New JFES Clients (n=329)</i>	<i>Returning JFES Clients (n=418)</i>	<i>Total (747)</i>
	Percent of New JFES clients	Percent of Returning JFES clients	Percent of New and Returning JFES clients
Arrange for child care	130 (40%)	91 (22%)	221 (30%)
Arrange for Transportation	58 (18%)	46 (11%)	104 (14%)
Buy a Bus Pass	19 (6%)	18 (4%)	37 (5%)
Come to an Appointment with case manager	223 (68%)	226 (54%)	449 (60%)
Complete child care application	106 (32%)	76 (18%)	182 (24%)
Participate in treatment	11 (3%)	17 (4%)	28 (4%)
DCF related	1 (<1%)	3 (1%)	4 (1%)
Source: Department of Labor			

JFES activities and barriers to employment. Table VI-3 shows the four most frequent JFES activities and the barriers to employment reported at JFES intake by clients in these activities. *Overall, those in unsubsidized employment appeared to have the fewest barriers to employment, and those in education directly related to employment appeared to have the most barriers to employment, particularly lacking a high school diploma or GED.* (JFES clients could be in more than one JFES activity during their time in JFES, and so be counted more than once.)

Table VI-3. JFES Activities and Barriers to Employment						
<i>JFES Activity</i>	<i>Barriers to Employment Present</i>					
	<i>Transportation</i>	<i>Child Care</i>	<i>Low Math and Reading Skills</i>	<i>Limited Work History</i>	<i>Lacking HS Diploma or GED</i>	<i>Average Number of Barriers</i>
Unsubsidized Employment (n=344)	56%	53%	30%	26%	22%	2.4
Job Search and Job Readiness Training (n=438)	68%	58%	33%	32%	28%	2.8
Vocational Education Training (n=172)	62%	60%	38%	35%	26%	2.7
Education Directly Related to Employment (n=105)	68%	51%	33%	41%	65%	3.6
Source: Department of Labor						

JFES activities and age of children. Figure VI-4 shows the average age of the youngest and the oldest child in the family for clients participating in the four most frequent JFES activities. *Families with younger children appeared to be in vocational education and those with somewhat older children in education directly related to employment.*



JFES activities and literacy level. Many of the JFES clients are given the CASAS test of their reading and math literacy levels. Overall, the 526 clients who had a reading test score averaged 234, which equates to the reading literacy level 4 (High Intermediate, which is below secondary education). There were also 407 clients who had a math test score, which averaged 216, equivalent to a math level 3 (Low Intermediate). Appendix U shows the average reading and math scores for clients in the four most frequent JFES activities. *The clients participating in education directly related to employment appeared to have the lower literacy scores.*

Performance Outcomes for Study Sample

One of the main study purposes was to evaluate the success of TFA and the JFES program in particular. How success is measured is a key issue. In this chapter, the outcomes of the study sample are compared to the goals established by the programs or administering agencies. The study sample outcomes were also compared to an estimate of the state self-sufficiency standard.

Specifically, the level of achievement of DOL JFES program goals and WIB benchmarks is described, related to family earnings and independence from TFA. Differences in outcomes for active JFES participants, time-limited inactive clients, and exempt clients are examined. Finally, factors associated with more favorable outcomes, improvement in financial condition, and return to TFA after closure are also identified in this chapter.

Key Findings

Earnings and independence from TFA

- Twenty-two percent met the first JFES program goal of independence from cash assistance by the end of the 21-month time limit through employment
- As many as two-thirds of TFA participants (with state TFA counters of 1-21 months) met the second JFES program goal of independence from cash assistance through remaining employed and independent of TFA
- Most of the WIB benchmarks were met or almost met with the exception of being able to attain at least a 10 percent wage increase within six months of exit for 40 percent of clients who left TFA employed
- Over one-quarter (27 percent) left TFA earning above the federal poverty level
- One in five families are estimated to have left TFA earning above the self-sufficiency standard
- Almost half of active JFES participants had no earnings in the quarter after they left TFA
 - There was a dramatic drop in financial condition for many of the families leaving TFA
 - Employment is not maintained even for one quarter in most instances where reason for closing is due to earning above the TFA limit; by the fourth quarter post closure, one-third of the families had returned to TFA
 - Approximately half of families who closed due to earnings above the FPL fall below the FPL in each post-closure quarter examined
- Over half of families who were exempt in October 2003 left TFA employed

- Approximately 40 percent of single parents exempt because of caring for a child under one had earned wages in each quarter, and almost one in ten was earning above the federal poverty level

Factors associated with more favorable outcomes

- Having more education (at least a high school diploma or GED) and literacy
- Having a work history and wages prior to TFA opening
- Having more than job search/job readiness training alone
- Participating in three or more types of core and non-core JFES activities
- Staying on cash assistance a shorter period of time

Returning to TFA

- Almost three-quarters (71 percent) were on TFA more than once
- Families that had been on TFA multiple times had significantly more barriers to employment

JFES Program Goal Outcomes: Earnings and Independence from TFA

As described earlier, time-limited clients are only allowed 21 months (plus extensions) of TFA assistance in Connecticut—and there is a 60-month lifetime limit for receiving services in all states combined. Each time-limited family has an automated state TFA counter that tracks the number of months of cash assistance that have been used up so that assistance does not exceed federal and state limits.

JFES Program Goal 1: Enabling TFA participants, through employment, to become independent from cash assistance by the end of the 21 month time limit.

Two hundred forty (240) *families out of the 1,088 (22 percent) became independent from cash assistance by the end of the 21-month time limit through employment.* There are several points about this finding:

- this program goal is not currently measured by DSS or DOL;
- there is no standard against which to assess this finding as the program goal does not state a specific percent that is expected to be achieved;
- this finding of 22 percent is higher than the 12 percent reported by the U.S. Department of Health and Human Services, for example, in FFY 04; and
- the current system is failing to capture all of the families with earnings above the federal poverty level at closure. Program review committee staff measurement of this program goal went beyond the reasons for closure generated by EMS and looked at earned income in the closing quarter as reported on the DOL earned wage database.

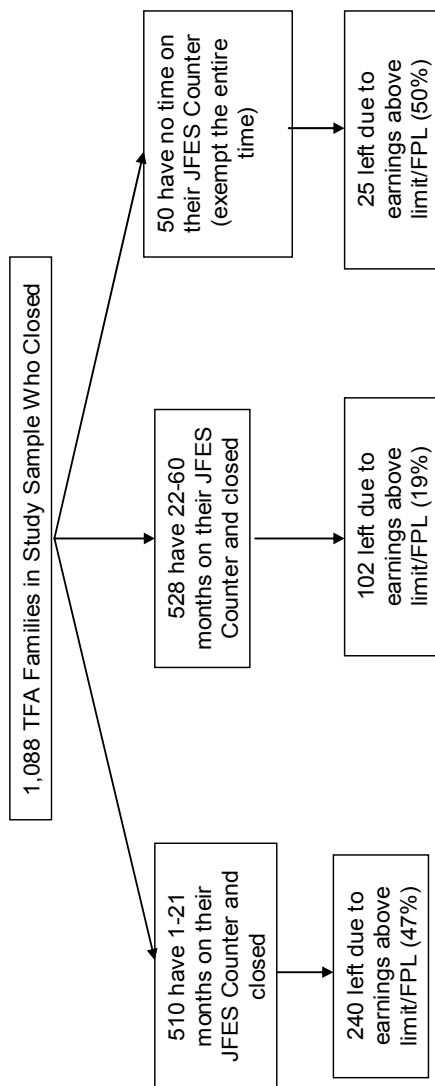
Figure VII-1 provides context for this outcome and shows the breakdown of families by their time on TFA, who left due to earnings above the TFA limit or FPL. Of the 1,088 sample families whose cases closed, 510 families had one to 21 months on their state TFA counter at the time of their first closing post-October 2003, and 528 families had 22 to 60 months on their counter. (The remainder of the 1,171 families included 50 who had zero on their state TFA counter and 83 who were open the entire time period under study).

Compared to those with a JFES counter of 21 months or less, *families with a JFES counter over 21 months were less likely to leave cash assistance employed and earning at or above the TFA limit or Federal Poverty Level.*

Figure VII-2 shows the outcomes for all families who had between one and 21 months on their JFES counter at time of first closure since October 2003. *Only 28 of the active clients with JFES counters between one and 21 months came to JFES already employed (8 percent); however, over half (54 percent) left cash assistance employed and earning above the TFA payment standard or FPL.*

In contrast to families who left within the 21 month time limit, Figure VII-3 shows the outcomes for families who had between 22 and 60 months on their JFES counter at time of first

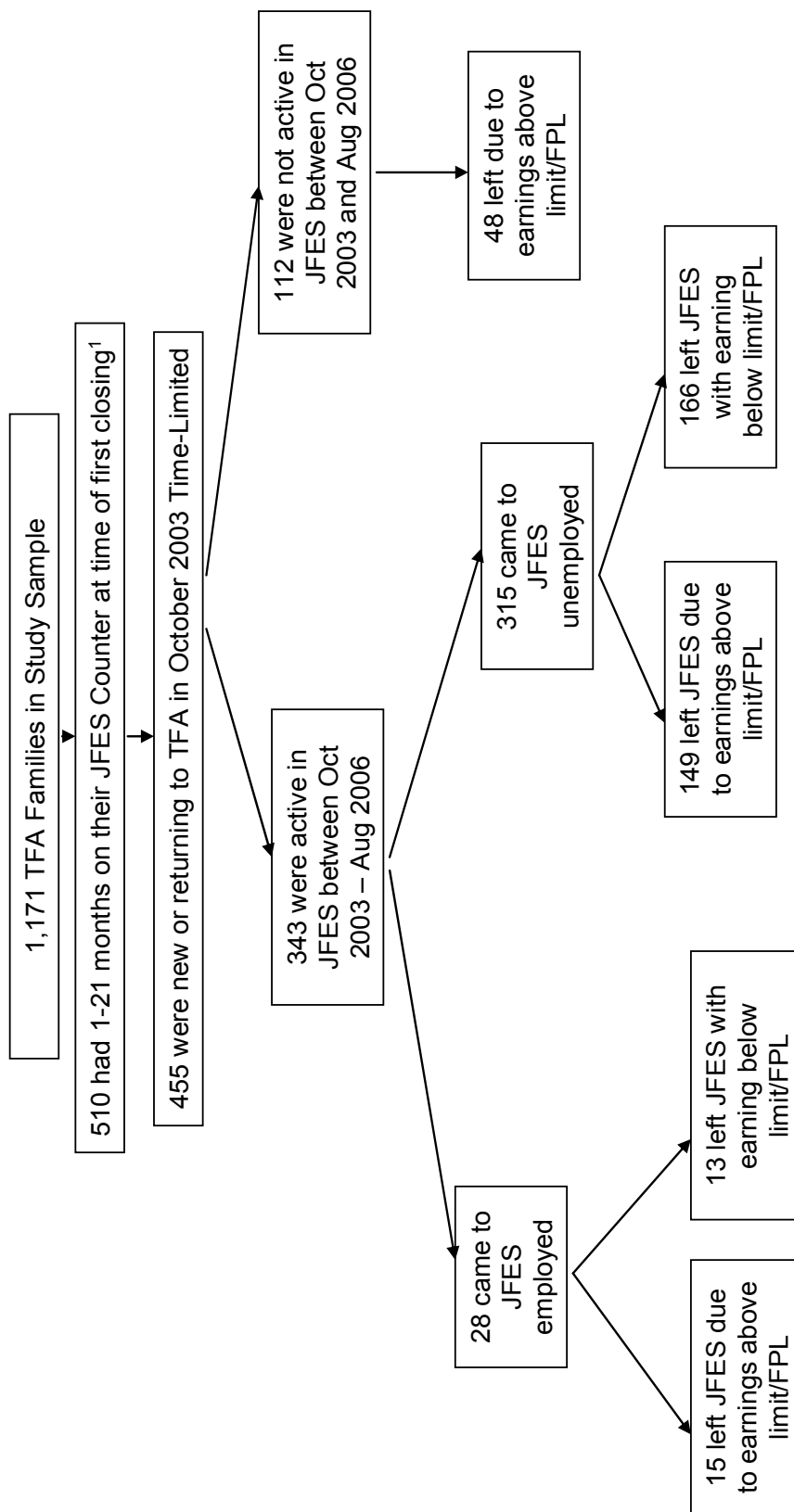
Figure VII-1. Families Who Left Due to Earnings Above TFA Limit or FPL



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

Source: DSS EMS and DOL Earned Wage Database.

Figure VII-2. Families with 1-21 Months on JFES Counter at Time of First Closing

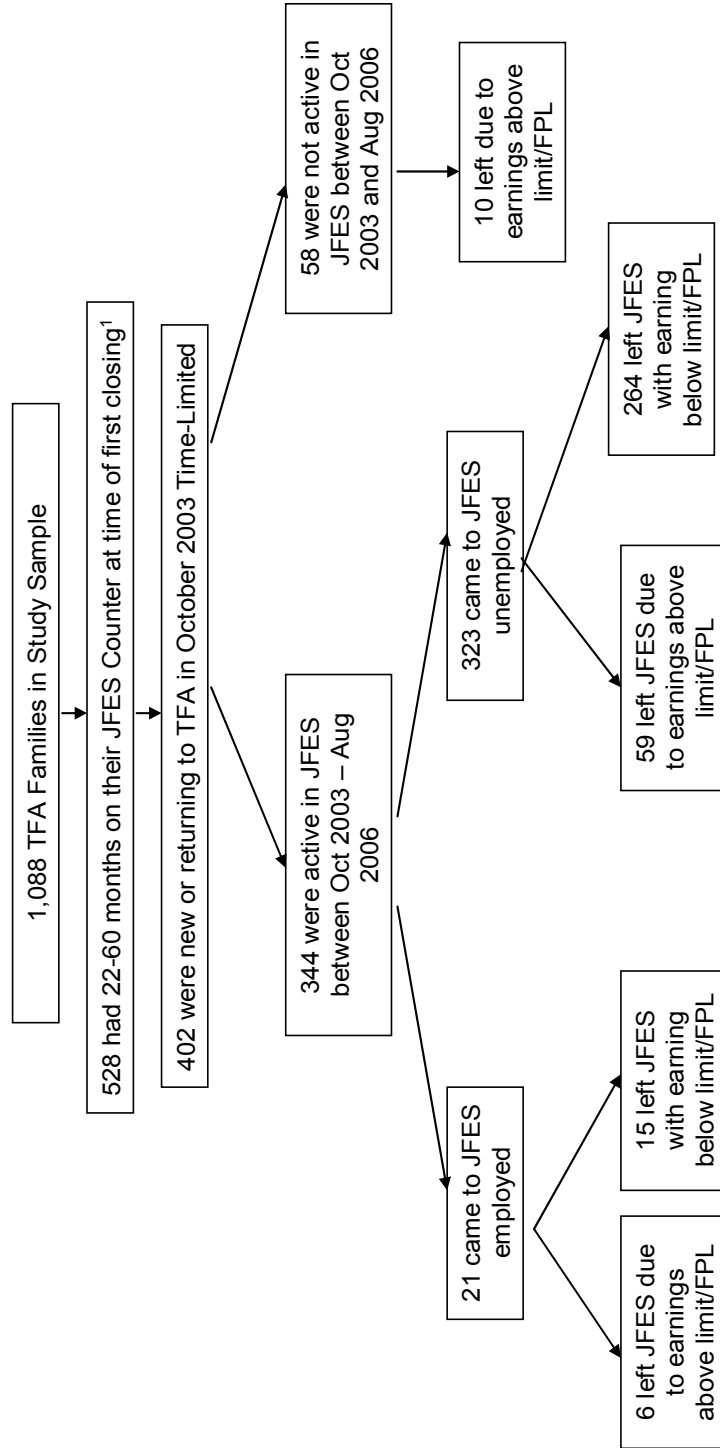


Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

¹There were 55 additional families in the sample who closed with a JFES counter of 1-21 months. Of the 30 exempt in this group, 16 left due to earnings above limit/FPL. Of the 25 who were continually active (not new or returning to JFES), 12 left due to earnings above limit/FPL.

Source: DSS EMS and DOL Earned Wage Database

Figure VII-3. Families with 22-60 Months on JFES Counter at Time of First Closing



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

¹There were 126 additional families in the sample who closed with a JFES Counter of 22-60 months. Of the 37 exempt in this group, 11 left due to earnings above limit/FPL. Of the 89 who were continually active (not new or returning to JFES), 16 left due to earnings above limit/FPL.

Source: DSS EMS and DOL Earned Wage Database.

closure since October 2003. Similar to the finding for families with lower JFES counters, only 21 of the active clients with higher JFES counters came to JFES already employed (6 percent). They were somewhat more likely, however, to leave employed and earning above the TFA payment standard or FPL (28 percent) in comparison to the remainder who had come to JFES without employment (18 percent).

JFES Program Goal 2: Enabling TFA participants who become independent from cash assistance to remain employed and independent of TFA.

This program goal does not specify whether it focuses on participants who become independent of TFA at or before 21 months, or at any time. Therefore, program review committee staff present the program goal outcome using three different scenarios: families with state TFA counters of 1-21 months at closure; families with state TFA counters of 22-60 months at closure; and families with state TFA counters of 1-60 months at closure. It should be remembered that the sample timeframe and unavailability of wage information beyond March 2006 obviously limits how far out it can be determined that someone has remained employed and independent.

Families with state TFA counters of 1-21 months. As just discussed regarding the first JFES goal, 240 families left TFA employed and with a state TFA counter of 1-21 months. *As many as two-thirds of them remained employed and independent from cash assistance in the two quarters following case closure. One-third of the 240 families returned to TFA by August 2006* (see Figure VII-4).

Eighty-one percent (of the 234 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 99 percent (of the 184 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

Families with state TFA counters of 22-60 months. There were 102 families who left TFA employed and with a state TFA counter of 22-60 months. *As many as four-fifths of them remained employed and independent from cash assistance in the two quarters following case closure. One-fifth (22 percent) of the 102 families returned to TFA by August 2006.*

Eighty-seven percent (of the 90 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 92 percent (of the 75 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

Families with state TFA counters of 1-60 months. Combining the above two groups, there were 342 families who left TFA employed and with a state TFA counter of 1-60 months. *As many as 70 percent of them remained employed and independent from cash assistance in the two quarters following case closure. Nearly one-third (30 percent) of the 342 families returned to TFA by August 2006.*

Eighty-three percent (of the 324 families that had been closed at least one quarter) showed earnings in the first full quarter after TFA closure and 97 percent (of 259 families that had been closed at least an additional, second quarter) in the second full quarter after TFA closure.

The committee finds that this goal is neither measured nor well-defined. For example:

- *this program goal is not currently measured by DSS or DOL;*
- *the goal is unclear as to whether the goal only includes families who were on TFA for 21 months or less;*
- *the goal is unclear as to whether clients are expected to remain independent of TFA for a minimum period of time or permanently;*
- *the goal is unclear as to whether the clients are to remain employed for a minimum period of time or permanently; and*
- *there is no standard against which to assess this finding as the program goal does not state a specific percent that is expected to be achieved.*

WIB Performance Measures

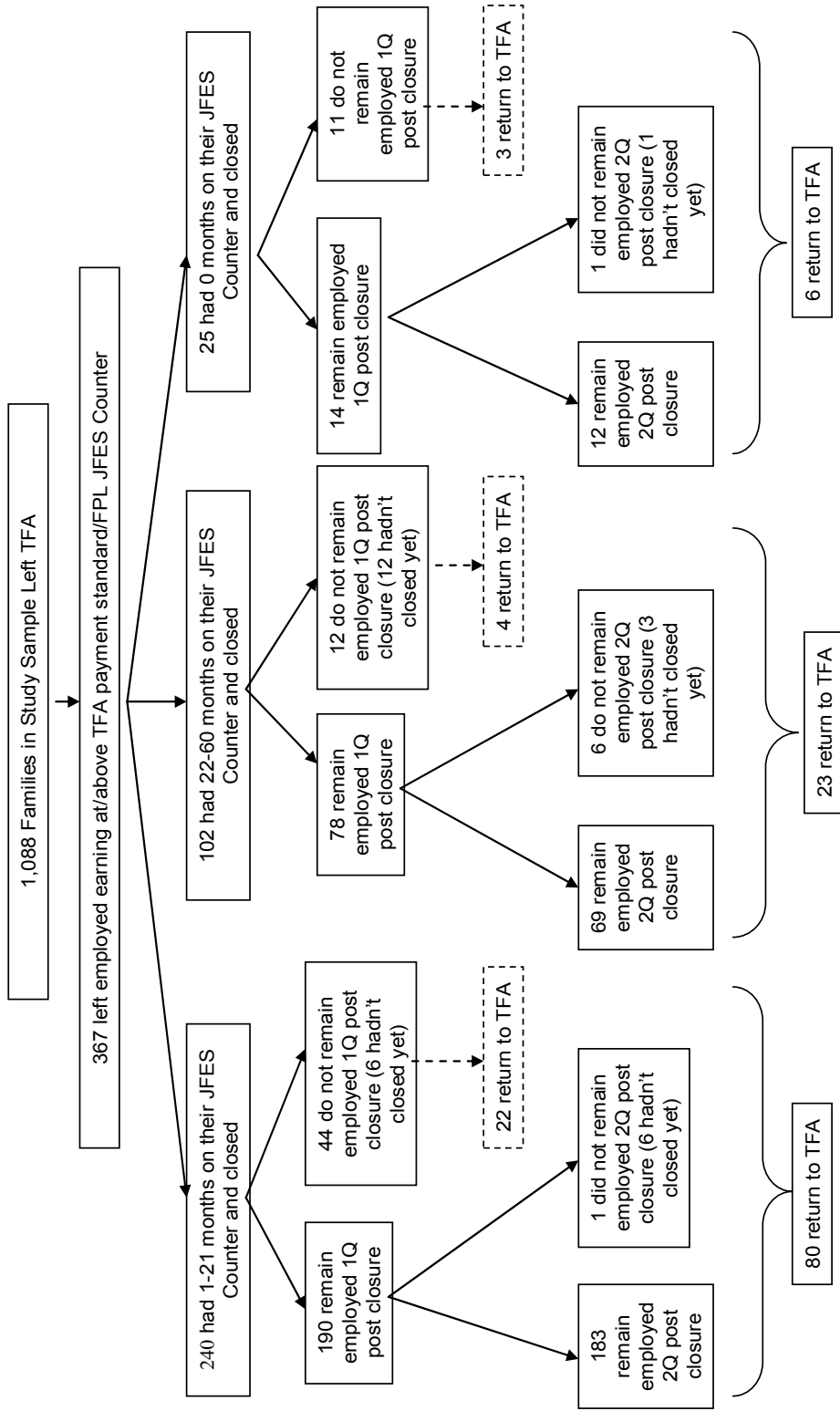
The federal Workforce Investment Act requires states to evaluate program success using certain core performance indicators. For FY 07, DOL's contract with each WIB contains performance measures for placing and retaining JFES clients in employment (referred to as "Entered Employment Benchmarks"). Table VII-1 sets out the benchmarks and shows the relative success of the program for the 747 active JFES clients in the study sample using these indicators.

In the study sample, *four of the six WIB benchmarks were met.* For several of the benchmarks, either the DOL CTWBS Database or the DOL Wage Database could be used to identify employed clients as well as income earned. *The outcomes differed depending on which database was used.*

The second benchmark, for example, was calculated using information from the DOL CTWBS Database, which identified 339 clients in unsubsidized employment. The second benchmark was also calculated using information from the DOL Wage Database, and 502 clients were identified as having earned income; however, only 64 percent were identified as having gross earnings of at least \$633 monthly. A smaller difference was found for the third benchmark, where the DOL Wage Database identified 29 percent of the 502 employed clients as earning above the FPL in contrast to the 30 percent found for the 339 clients on CTWBS. The differences in information between the two databases suggest either some employed clients in the JFES program did not report this information to their JFES case managers, or JFES case managers failed to enter the information into CTWBS.

The first benchmark percent was slightly lower in October 2003, requiring just 40 percent to enter unsubsidized employment, a goal that this sample would have met under the 2003 benchmarks. *The only area where there was a large gap between the WIB performance indicator and outcome was for the sixth benchmark: while the goal is that 40 percent of clients who left TFA employed attained at least a 10 percent wage increase within six months of exit, only 26 percent actually did.*

Figure VII-4. Families Who Left Due to Earnings Above TFA Limit or FPL



Note: Families with earnings above limit/FPL includes families with earnings above the FPL who had other reasons for closure listed on EMS.

Source: DSS EMS and DOL Earned Wage Database.

Table VII-1. Success of JFES Program for Study Sample Using WIB Indicators			
<i>Benchmark</i>	<i>Number</i>	<i>Percent</i>	<i>Was Benchmark Met?</i>
^d 1) 50% of JFES clients enter unsubsidized employment (n=698)	311	45%	No
^e 2) 50% of employed clients with gross earnings of at least \$633 monthly/\$7,596 annually (TFA payment standard + \$90) (n=339)	288	85%	Yes
^e 3) 25% of employed clients with gross earnings at or above the Federal Poverty Level (\$1,305 monthly/\$15,600 annually in 2004) (n=339)	102	30%	Yes
^a 4) 60% of (newly) employed clients retain job at least 13 weeks (n=432)	285	66%	Yes
^b 5) 35% of (newly) employed retain jobs at least 6 months (n=432)	234	54%	Yes
^c 6) 40% of clients who left TFA employed attain at least a 10% wage increase within six months of exit (n=374)	97	26%	No
^d Using the DOL CTWBS Database and highest weekly pay job for clients that were not employed at the time of JFES Registration (as identified on EMS) ^e Using the DOL CTWBS Database and highest weekly pay job regardless of whether clients were employed at the time of JFES Registration ^a Using the DOL Earned Wage Database, calculated as percent employed in two consecutive quarters ^b Using the DOL Earned Wage Database, calculated as percent employed in three consecutive quarters ^c Using the DOL Earned Wage Database, calculated as those who had a 10% increase between the first and second quarters following exit from TFA (Were considered employed if had income in closing quarter on DOL Earned Wage Database) Source: Department of Labor Earned Wage Database and CTWBS			

Additionally, the WIB contracts with DOL have a performance measure that requires at least 60 percent of JFES clients be enrolled in TANF work activities that can be counted toward the federally required 50 percent work participation rate. In the study sample of 747 active JFES clients, there were 604 (81 percent) that showed participation in one or more of the nine core or three non-core activities. However, activities can only be counted toward the work participation rate if a minimum number of hours are spent alone or in combination with particular activities.

Hours in unsubsidized employment. Average weekly hours in unsubsidized employment is shown in Table VII-2 for the 343 families for which this information is known. Note that the highest paying job and information about that job was used in this analysis for the 105 clients who had experienced more than one job during their time on JFES. *The median number of hours in unsubsidized employment was 30-34 hours per week.*

Table VII-2. Average Weekly Hours in Unsubsidized Employment		
<i>Average Weekly Hours</i>	<i>Number of Clients</i>	<i>Percent of Clients</i>
Under 20 hours	44	13%
20-29 hours	91	26%
30-34 hours	78	23%
35+ hours	130	38%
Total	343	100%
<i>Hourly pay averaged \$8.66 per hour (median of \$8.00), with a low of \$3.00 and a high of \$18.05.</i>		
<i>Weekly pay averaged \$260 per week (median of \$240), with a low of \$42 and a high of \$640.</i>		
Source: CTWBS		

Reason for case closing. Each time a family's case is closed a DSS worker or EMS automatically indicates a single reason for closing the assistance unit/family case. In its sample, committee staff found 92 families who were earning above the federal poverty level in their closing quarter and subsequent quarters but whose records indicated another reason besides earning above FPL for case closure.

As can be seen in Table VII-3, the most frequent reason recorded for case closures for families earning above the FPL, besides that actual reason, was that the families did not show for required appointments or failed to complete required paperwork. If the 92 additional families are added to the 205 formally identified as being closed for that reason, the percent of families whose cases were closed because they were earning above the FPL jumps from 19 percent to 27 percent. This study uses the expanded group of 297 families when examining families who closed earning above the FPL. **The program review committee recommends:**

To more accurately capture families whose cases close because they are earning above the federal poverty level, and therefore receive credit in the work participation rate calculations, DSS should check available wage databases such as the DOL Earned Wage Database and New Hire Wage Database, and update information accordingly.

DSS has up to one year to correct information submitted to the federal government for use in determining work participation rates.

Table VII-4 shows the revised reasons for case closing, based on committee staff analysis. Overall, the most frequently indicated reasons for closure were that the family had earned income above the federal poverty level or that the client did not attend a required appointment or submit required paperwork. Only two percent of families were sanctioned off of TFA.

Differences in reason for closure for time-limited and exempt families. Table VII-4 also shows the differences in reason for case closing for time-limited and exempt cases. JFES exempt cases were more likely to close because there was no longer a TFA-eligible child in the home, and time-limited cases were more likely to close because they had timed out or an

extension was not approved. *It is noteworthy that one in five of the JFES exempt cases that closed was earning above the federal poverty level.*

Table VII-3. Official Reason Recorded for Case Closing for Families Earning Above the Federal Poverty Level at Closing

<i>Reason for Closing</i>	<i>Number of Cases</i>
No show for required appointment or paperwork incomplete	53
Timed out or extension not approved	20
Mo longer a TFA-eligible child in the family	4
Family requested case closure	8
Income above limit	3
Sanctioned off TFA	1
Other	3
Employed and earning above the Federal Poverty Level	205
Total	297
Source: Department of Social Services EMS	

Table VII-4. Revised Reason for Case Closing According to Time-Limited/Exemption Status at Closing

<i>Reason for Closing</i>	<i>JFES Exempt at Closing</i>	<i>Time-Limited at Closing</i>	<i>Total</i>
Employed and earning above the Federal Poverty Level	40 (20%)	257 (29%)	297 (27%)
No show for required appointment or paperwork incomplete	35 (18%)	245 (28%)	280 (26%)
Timed out or extension not approved	9 (4%)	168 (19%)	177 (16%)
No longer a TFA-eligible child in the family	43 (22%)	80 (9%)	123 (11%)
Family requested case closure	21 (11%)	53 (6%)	74 (7%)
Income above limit	30 (15%)	40 (4%)	70 (6%)
Sanctioned off TFA	2 (1%)	24 (3%)	26 (2%)
Other	18 (9%)	23 (2%)	41 (4%)
Total	198 (100%) ¹	890 (100%)	1,088 (99 ¹ %)
¹ Percents may not total to 100% due to rounding.			
Source: Department of Social Services EMS			

Marriage and leaving TFA above the federal poverty level. Marital status was not one of the factors that influenced whether families left TFA at or above the federal poverty level. Table VII-5 shows percent leaving poverty by marital status. Note that a status of married includes two people living apart and legally separated.

Table VII-5. Percent Leaving Poverty by Marital Status			
<i>Marital Status</i>	<i>Above FPL at Closing</i>	<i>Percent Above FPL</i>	<i>Total</i>
Married, living with spouse	27	27%	100
Married, living apart	22	27%	81
Legally separated	12	30%	40
Divorced	19	31%	61
Never Married	189	26%	735
Total	269	26%	1,017
Source: DSS and DOL Earned Wage Database.			

Rather than marriage, Table VII-6 shows that *a stronger factor associated with families leaving TFA at or above the federal poverty level is the presence of two working parents*. Note that marriage alone does not assure that both parents are working.

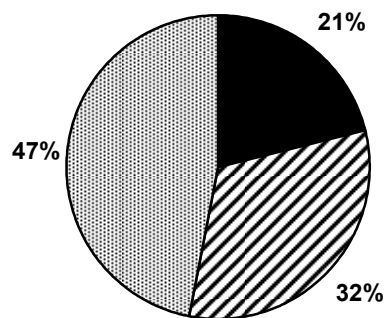
Table VII-6. Percent Leaving Poverty by Presence of Two Working Parents			
<i>Number of working parents present in household</i>	<i>Above FPL at Closing</i>	<i>Percent Above FPL</i>	<i>Total</i>
One parent working			
Married	46	26%	176
Not married	183	25%	734
Two parents working			
Married	15	33%	45
Not Married	25	40%	62
Total	269	26%	1,017
Source: DSS and DOL Earned Wage Database.			

Financial condition in quarter following closure. Figure VII-5 summarizes outcomes for active JFES clients in the quarter after they left TFA in relationship to earnings at or above the federal poverty level. As can be seen, *almost half of active JFES participants who closed had no earnings in the quarter after they left TFA; however, one in five was earning above the federal poverty level*.

In addition to earned income, financial condition in the quarter following TFA closure was also assessed by examining:

- TFA benefit amount (if any -- for re-opened cases);
- food stamp benefit amount (if any);
- social security amount (if any);
- child support amount (if any); and
- unemployment compensation (if any).

Figure VII-5. Outcomes for Clients Who Were JFES Participants

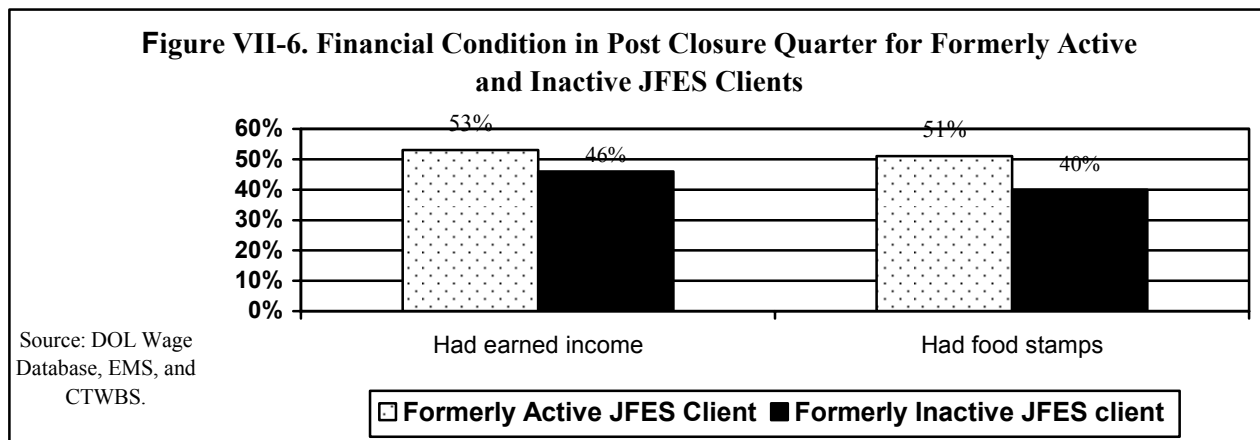


■ Earning Above FPL ▨ Earning Below FPL ▤ No earnings

Table VII-7 shows the financial condition of the 974 closed families in the quarter following their closing. (Appendix V shows the financial condition of the 974 families at opening, in the quarter prior to closure, and at closure for the families that had at least one TFA closing post-October 2003.) The *median combined earned and unearned income was 38 percent higher for formerly active JFES clients in comparison to formerly inactive JFES clients* (\$670 per month for formerly active JFES clients and \$414 for formerly inactive JFES clients).

Table VII-7. Financial Condition of the 974 Closed Families in the Quarter Following Closure				
<i>Source</i>	<i>Average Monthly Amount (N=974)</i>	<i>Time-Limited and Inactive in JFES (n=176)</i>	<i>Time-Limited and Active in JFES (n=692)</i>	<i>Exempt Families (n=106)</i>
Average Monthly Earned income wages	\$1,173 (n=495)	\$1,265 (n=81)	\$1,147 (n=367)	\$1,187 (n=47)
Average Monthly TFA benefit amount	\$459 (n=72)	\$415 (n=6)	\$466 (n=62)	\$416 (n=4)
Average Monthly Food stamp benefit amount	\$296 (n=469)	\$277 (n=71)	\$306 (n=352)	\$248 (n=46)
Average Monthly Social Security amount	\$864 (n=37)	\$1,078 (n=10)	\$630 (n=13)	\$930 (n=14)
Average Monthly Child support amount	\$208 (n=18)	\$148 (n=1)	\$211 (n=16)	\$215 (n=1)
Average Monthly Unemployment compensation amount	\$642 (n=68)	\$940 (n=11)	\$548 (n=48)	\$781 (n=9)
Average Monthly Quarterly Average	\$854	\$829	\$861	\$854
Average Monthly Median	\$642	\$414	\$670	\$611
Source: CTWBS and DOL Earned Wage Database				

Figure VII-6 shows the financial condition for time-limited families who were active and not active in JFES during their time on TFA. *Almost half of the active JFES clients (47 percent) had no earnings in the quarter after they left TFA. However, fewer of the formerly inactive JFES clients were working or receiving food stamps.* Appendix W provides additional information about their different employment rates over time.



Formerly active JFES clients fare relatively better than inactive JFES clients in the quarter following TFA closure. Therefore, **the committee recommends the following:**

DSS should strengthen its case monitoring to reduce the number of time-limited families that are not enrolled in JFES but are still receiving cash assistance.

Regardless of active/inactive status in the JFES program, Figure VII-7 shows that *there is a dramatic drop in overall financial condition for many of the families leaving TFA.* The committee will recommend in Chapter Ten that cash assistance be decreased rather than abruptly stopped to smooth the transition off of TFA.

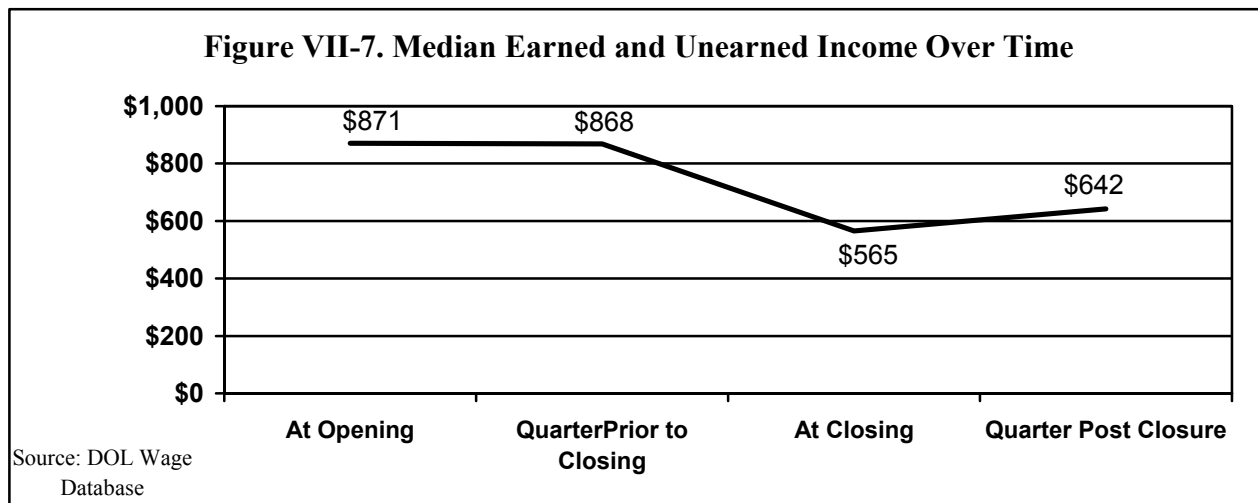
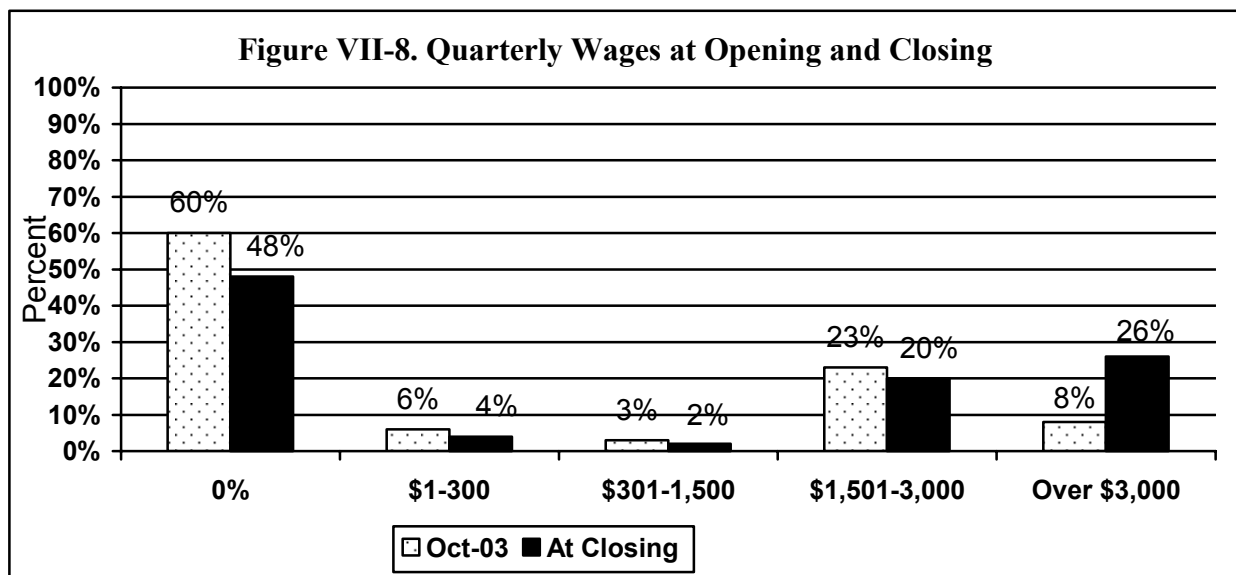
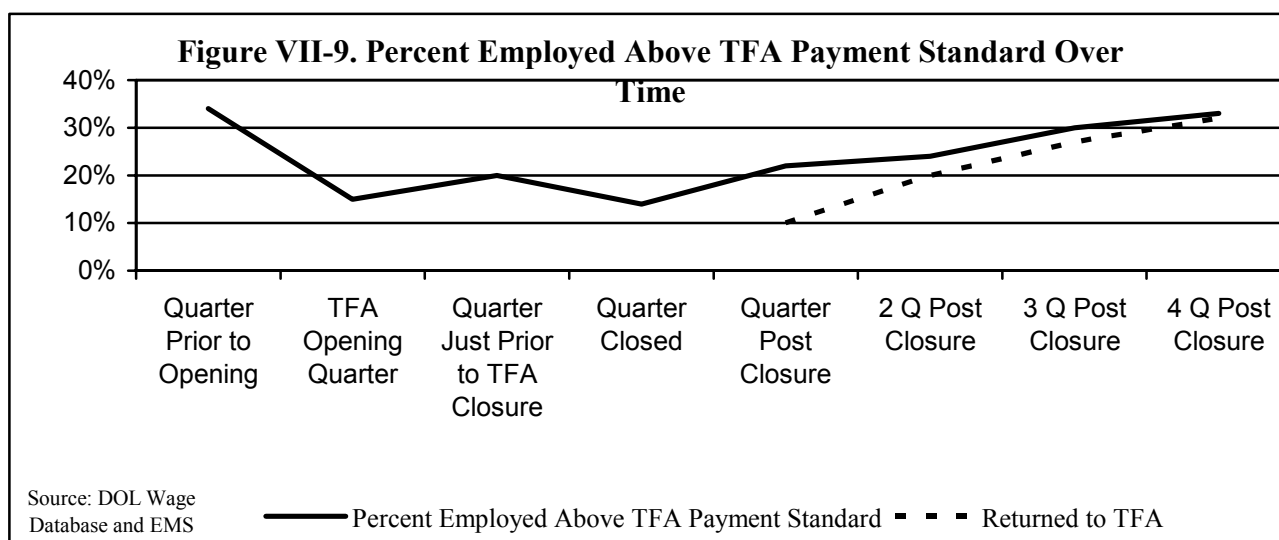


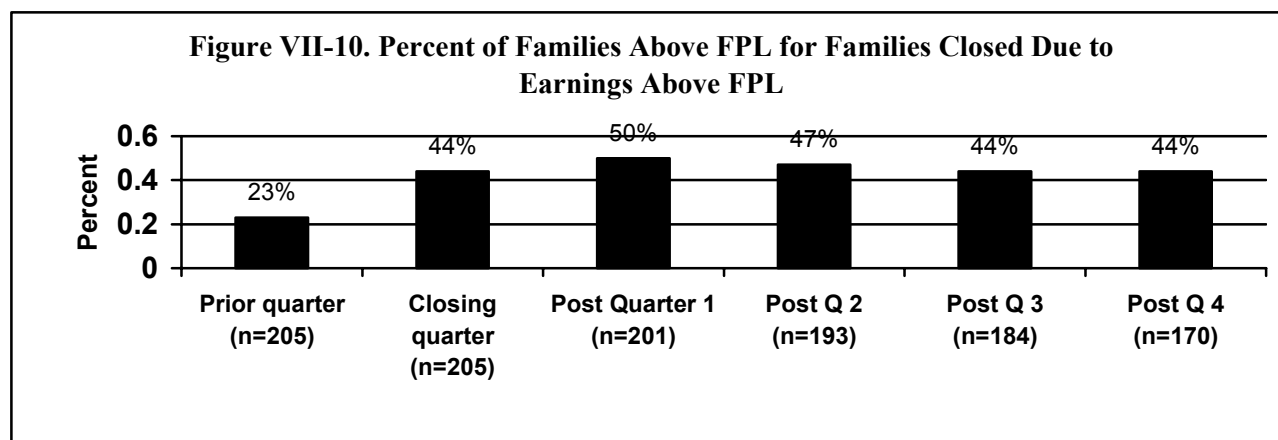
Figure VII-8 compares quarterly wages at opening and closing. There is more than triple the percent of families in the over \$3,000 category. *Some TFA families make significant gains in their quarterly earnings from TFA opening to closing.*



There were 73 families, regardless of whether they were JFES participants, whose cases closed because their earnings were above the TFA limit at redetermination. Figure VII-9 shows the wages earned in each of the quarters following closure. In no quarter are more than one-third of families who closed for this reason earning above the TFA payment standard, the reason given for case closure. This suggests that *the employment is not maintained even for one quarter in most instances where reason for closing is due to earning above the TFA limit. By the fourth quarter post closure, one-third of the families had returned to TFA.* Appendix X provides additional information for JFES active, inactive and exempt families who closed for this reason.



Outcomes for families who left because they had income above the federal poverty level. There were 205 families who left TFA reportedly because they were earning at or above the federal poverty level. Information about their earnings in the quarter in which their case was closed, in the quarter before and in the quarters after, are shown in Figure VII-10. Appendix Y provides additional information for JFES active, inactive and exempt families who closed for this reason.



Approximately half of families who close due to earnings above the FPL fall below the FPL in each quarter; they appear unable to maintain earnings above the FPL in quarters following closure.

Of the 205 families that close due to income above the FPL, just 47 percent sustain that earnings level in the subsequent two quarters post closure. The families are not required to earn income above the FPL for a sustained period of time before they are terminated from TFA.

Earned Income above the Self-Sufficiency Standard for TFA Families at Closing

The state's self-sufficiency standard, described in Chapter Nine, is another measure by which to assess the study sample outcomes. There were 219 families (20 percent of the 1,088 families) that experienced at least one TFA closing who left TFA earning at or above the self-sufficiency standard, estimated at approximately \$42,600 annually (\$3,550 monthly), the lowest estimate in 2005 for a family of three (one adult, one preschooler, one school-age child).

Those who closed with a time-limited status were no more likely to be earning above the self-sufficiency standard than exempt cases that closed. The more time on TFA, however, was associated with less likelihood of leaving earning a wage above the self-sufficiency standard.

Outcomes for Exempt Families

As changes made by the Deficit Reduction Act will include certain exempt categories of clients in the state's work participation rate, Table VII-8 provides some information on level of success for the two largest groups of exempt recipients and all exempt recipients combined. The more successful families would leave TFA working and earning at least above the TFA payment standard. Additional information on the reasons for case closure for the two most frequent types

of exempt families are found in Appendix Z. The financial condition of these families is also described in Appendix AA.

Despite being exempt in October 2003, over half left TFA employed.

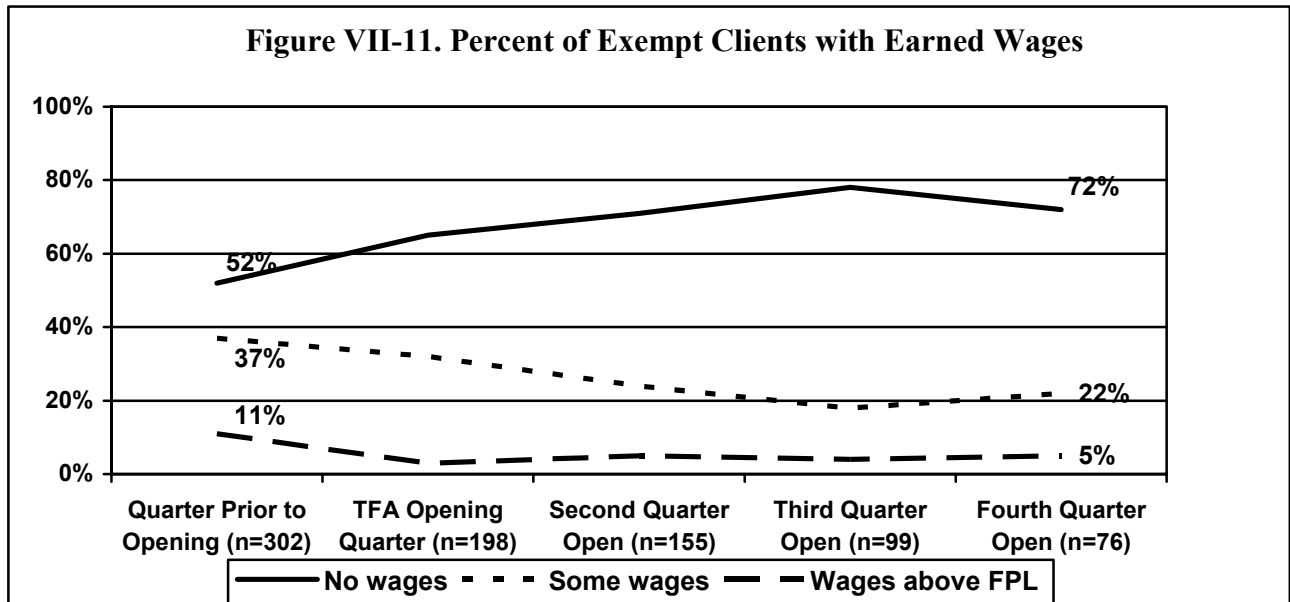
Table VII-8. Outcomes for Exempt Families						
<i>Exempt Category</i>	<i>Left TFA employed with earnings above FPL in the two quarters after closure</i>	<i>Left TFA employed with earnings above TFA payment in two quarters after closure</i>	<i>Left TFA employed with earnings in the two quarters</i>	<i>Left TFA employed with earnings in the one quarter after closure</i>	<i>Left TFA unemployed</i>	<i>Total</i>
Caring for child under one	19 (23%)	8 (9%)	9 (11%)	13 (15%)	35 (42%)	84 (100%)
Eligibility worker determined incapacity including temporary illness	8 (13%)	6 (10%)	7 (12%)	7 (12%)	32 (53%)	60 (100%)
Total for all exempt families	34 (18%)	17 (9%)	17 (9%)	29 (15%)	91 (48%)	188 (99%) ¹
¹ Percents may not total to 100 percent due to rounding. Source: EMS and DOL Wage Database.						

Earnings and Independence from TFA for Exempt Families

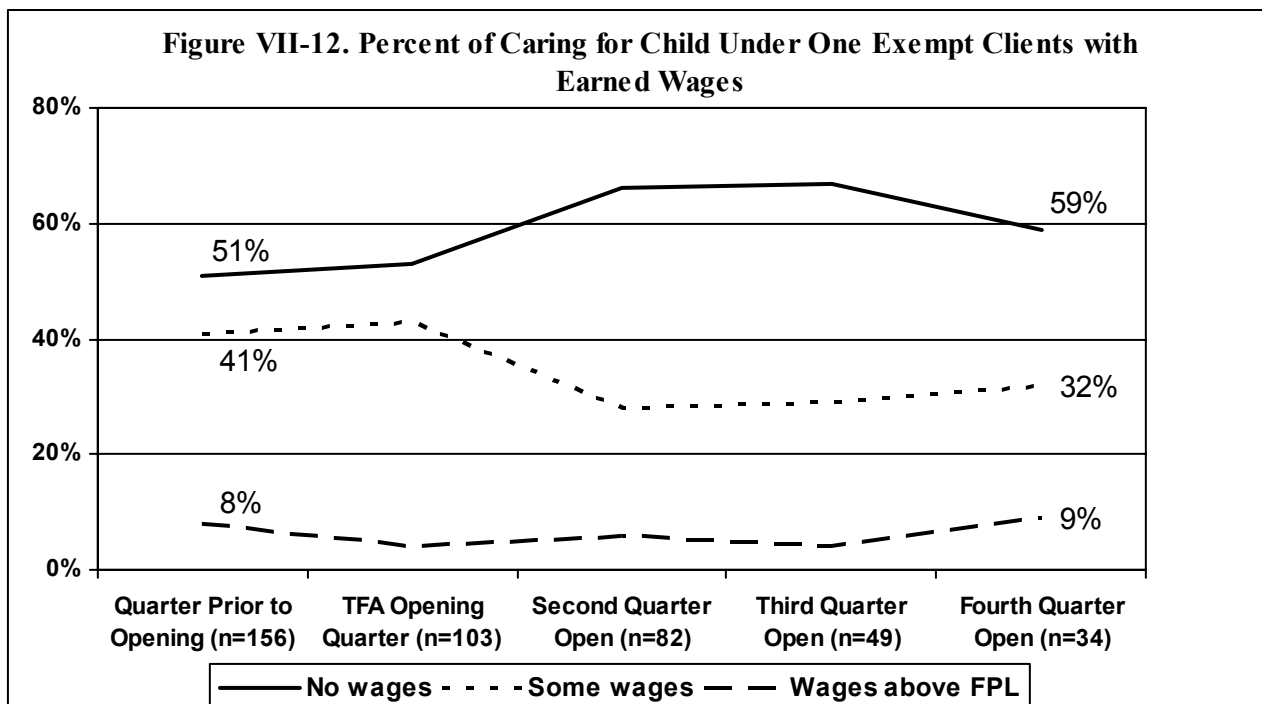
Although not required to be employed, a number of exempt clients were working while receiving cash assistance.

Earned wages for exempt families overall. Figure VII-11 shows the earned wages for all exempt clients while they were on TFA. Only single parent families that were exempt all three months of the quarter were included. *While approximately half have no earned wages prior to TFA, the percent in each open quarter with no earnings continues to increase while the small percent with earnings above the federal poverty level declines.*

Earned wages for open cases of exempt clients caring for children under one. The exempt clients caring for a child under one were relatively more likely to be working than the full group of exempt clients. Figure VII-12 shows the earned wages for exempt clients while they



were on TFA. Only single parent families that were exempt all three months of the quarter were included. *Approximately 40 percent of single parents exempt because of caring for a child under one had earned wages in each quarter, and almost one in ten was earning above the federal poverty level.* A number of clients exempt due to caring for a child under one were working -- some quite successfully -- and a shorter, six-month exemption will be recommended in Chapter Ten.



Factors Associated With Outcomes

Barriers to employment. Table VII-9 shows the four most frequent barriers to employment reported at JFES intake. *Those with no earnings are more likely to lack a high school diploma or GED and have a limited work history.* Those with no earnings overall have a statistically significant increased number of barriers to employment than those earning above the FPL.

Additionally, of the 17 with a reported barrier of substance abuse, 13 (76 percent) had no earnings in the quarter following TFA closure.

Table VII-9. JFES Participant Outcome and Barriers to Employment						
<i>JFES Participant Outcome</i>	<i>Barriers to Employment Present</i>					
	<i>Trans- portation</i>	<i>Child Care</i>	<i>Low Math and Reading Skills</i>	<i>Limited Work History</i>	<i>Lacking HS Diploma or GED</i>	<i>Average Number of Barriers</i>
Earning Above FPL in Quarter Post Closure (n=145)	50%	43%	27%	24%	15%	2.1
Earning Below FPL in Quarter Post Closure (n=222)	51%	43%	31%	20%	22%	2.3
No Earnings in Quarter Post Closure (n=325)	54%	50%	32%	37%	28%	2.7
Source: Department of Labor						

Because clients with more barriers to employment are associated with poorer outcomes, **the program review committee recommends the following:**

C.G.S. Sec. 17b-112e shall be amended to increase the use of the Employment Success Program, Prevention Services, and the Safety Net Program to address barriers to employment as early as possible. Requirements regarding the number of sanctions and time-limitations for delivery of the three programs should be relaxed, and clients who have made a good faith effort to seek and maintain employment or who are at risk of unsuccessfully completing the Jobs First Employment Services Program should be served in addition to the current clients served who have *not* made a good faith effort.

Identifying the problems earlier will give case managers and support programs additional time to help clients obtain needed services for a better outcome.

Literacy level. Table VII-10 shows that *the clients earning above the FPL in the quarter after leaving TFA have the highest literacy scores, and those with no earnings in the quarter following TFA closure have the lowest literacy scores.*

Table VII-10. Proficiency Level for Clients by their JFES Participant Outcome				
<i>JFES Participant Outcome</i>	<i>Average Reading Score</i>	<i>Average Reading Level</i>	<i>Average Math Score</i>	<i>Average Math Level</i>
Earning Above FPL in Quarter Post Closure (n=145)	238	4.8	220	3.4
Earning Below FPL in Quarter Post Closure (n=222)	234	4.5	215	2.9
No Earnings in Quarter Post Closure (n=325)	232	4.4	216	3.0
Source: CTWBS.				

JFES activities participation. There were 692 families identified as time-limited who participated for a portion of time in the JFES program. Table VII-11 shows the various JFES core and non-core activities in which the active JFES clients participated between October 2003 and August 2006.

While there are a host of possible activities, only four are used with any regularity: 1) job search/job readiness; 2) unsubsidized employment; 3) vocational education; and 4) education directly related to employment.

Results of the sample showed that those who did not participate in unsubsidized employment were significantly less likely to be employed in the quarter after leaving TFA. Further, clients with no earnings in the quarter after leaving TFA were just as likely to have participated in job search and job readiness training as those employed. Thus, job search and job readiness training alone is not enough to help these families.

Families were considered more successful if they left TFA employed and either earning above FPL or the TFA payment standard in two consecutive quarters after closing. The less successful were families that left TFA unemployed. Figure VII-13 shows the success level for clients participating in particular JFES activities. *With the exception of unsubsidized employment, participation in a single JFES activity alone is not linked to success of outcome.*

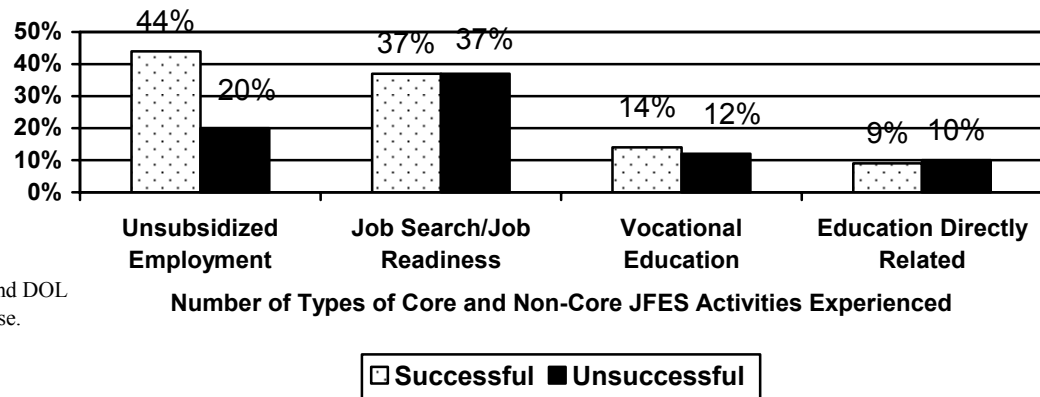
Intensity of JFES Program

JFES clients may participate in one or more of the core and non-core activities. Figure VII-14 shows the number of types of activities clients participated in and whether they had a successful or unsuccessful outcome. (Outcome information on the inactive JFES participants is found in Appendix BB.)

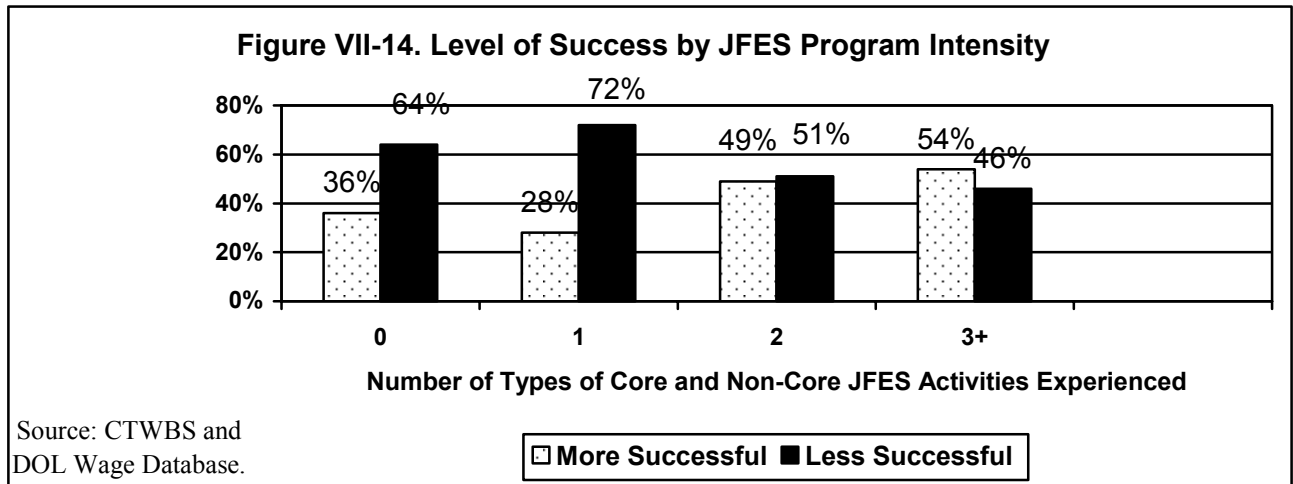
Table VII-11. Family Earnings by Activity

<i>JFES Activity</i>	<i>Earning Above FPL in Quarter Post Closure (n=145)</i>	<i>Earning Below FPL in Quarter Post Closure (n=222)</i>	<i>No Earnings in Quarter Post Closure (n=325)</i>	<i>No.</i>	<i>Percent</i>
Core Activity					
Unsubsidized Employment	58%	56%	37%	327	47%
Subsidized Private Sector Employ.	4%	3%	2%	20	3%
Subsidized Public Sector Employ.	0%	1%	1%	4	1%
¹ Work Experience	0%	1%	1%	5	1%
On-The-Job Training	2%	1%	0%	5	1%
Job Search and Job Readiness Train.	58%	57%	60%	404	58%
Vocational Education Training	24%	22%	21%	154	22%
Community Service	0%	1%	1%	5	1%
Child Care for Others Doing Community Service	0%	1%	0%	1	<1%
Non-Core Work Activities					
Job Skills Training Directly Related to Employment	0%	4%	3%	21	3%
Education Directly Related to Employment	12%	14%	15%	97	14%
High School Completion/GED	0%	1%	1%	4	1%

Source: CTWBS and DOL Earned Wage Database and EMS

Figure VII-13. Particular JFES Activities and Success of Outcome

Source: CTWBS and DOL Wage Database.



As in the previous analysis, families were considered more successful if they left TFA employed and were either earning above FPL or the TFA payment standard in two consecutive quarters after closing, and the less successful were families that left TFA unemployed. Note that the clients with none of the core and non-core activities had case manager related activities (71 percent), attended workshops (68 percent), arranged for child care (23 percent), completed a child care application (18 percent), arranged for transportation (16 percent), and participated in treatment (3 percent).

The success level is greatest for JFES clients who participated in three or more types of core and non-core activities. Therefore, the program review committee recommends the following:

DOL should increase the intensity of the JFES program by increasing the number of different types of JFES activities that clients participate in as a way to increase JFES program success.

Sanctioning is also associated with greater JFES program intensity, which in turn is associated with more favorable outcomes. Thus, sanctioning -- at least a single sanction -- may occur in families that ultimately leave TFA successfully.

Other Factors Associated With Success of Outcome

Beyond the JFES intensity level, Table VII-12 shows additional factors associated with more successful outcomes. *The more successful clients had more education, had wages prior to TFA opening, were more likely to leave TFA as a time-limited rather than an exempt family, and had been on TFA a shorter period of time.*

Additional information about time on TFA. The number of months that a family remained on TFA until their first closing varied by the reason for closure. Figure VII-15 shows that families sanctioned off TFA had the longest stay on TFA and clients leaving because they had income above the limit had the shortest stay.

Table VII-12. Additional Factors Associated with Outcome Success		
<i>Factor</i>	<i>Success Level</i>	
	<i>More (n=227)</i>	<i>Less (n=462)</i>
Highest grade completed	12 th grade	11 th grade
Any wages in quarter prior to opening	64%	26%
Left TFA as a time-limited family	86%	74%
Average state TFA counter (proxy for JFES counter)	18 months	24 months
Source: EMS, CTWBS and DOL Wage Database		

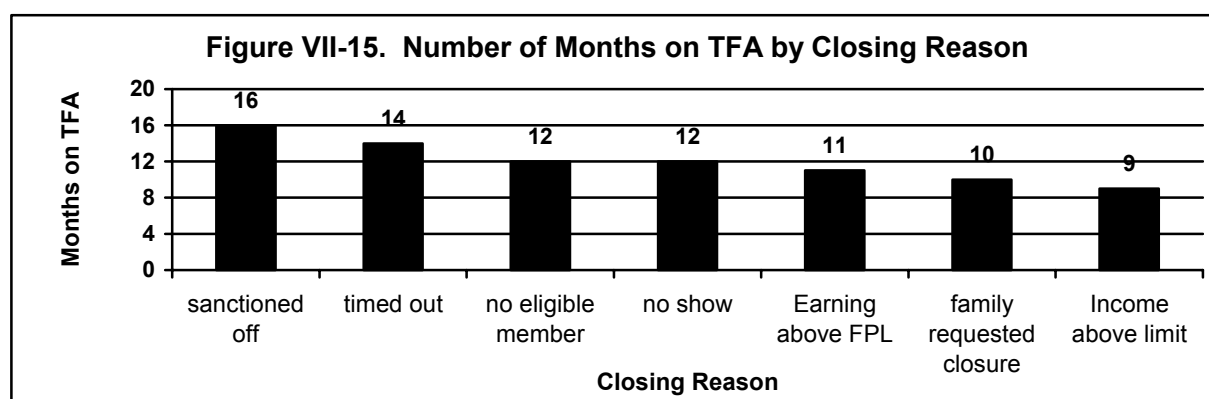
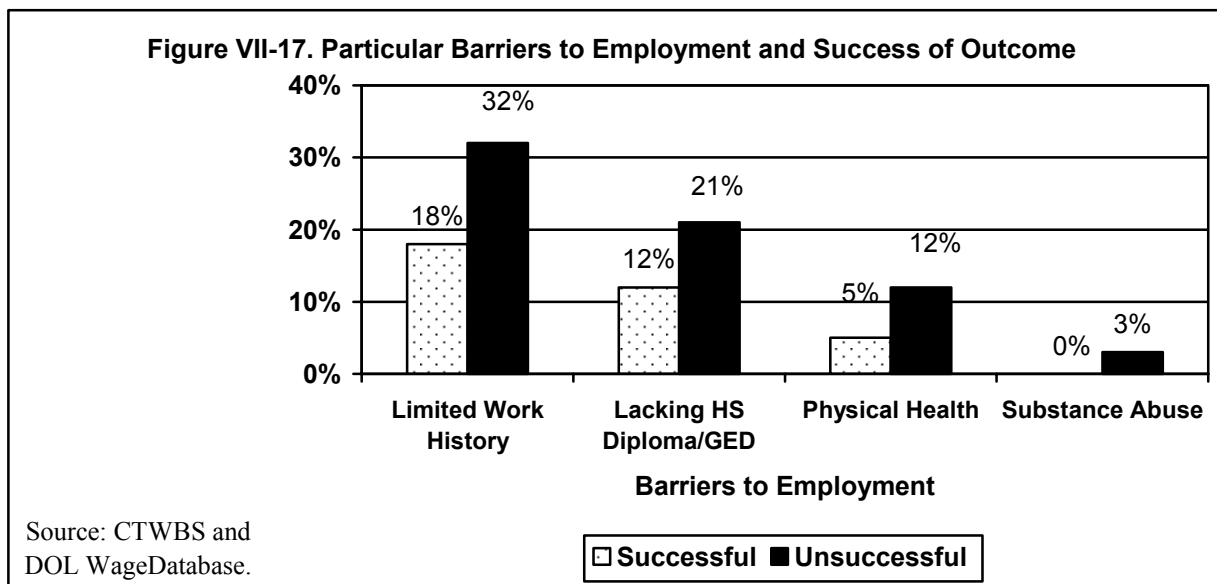
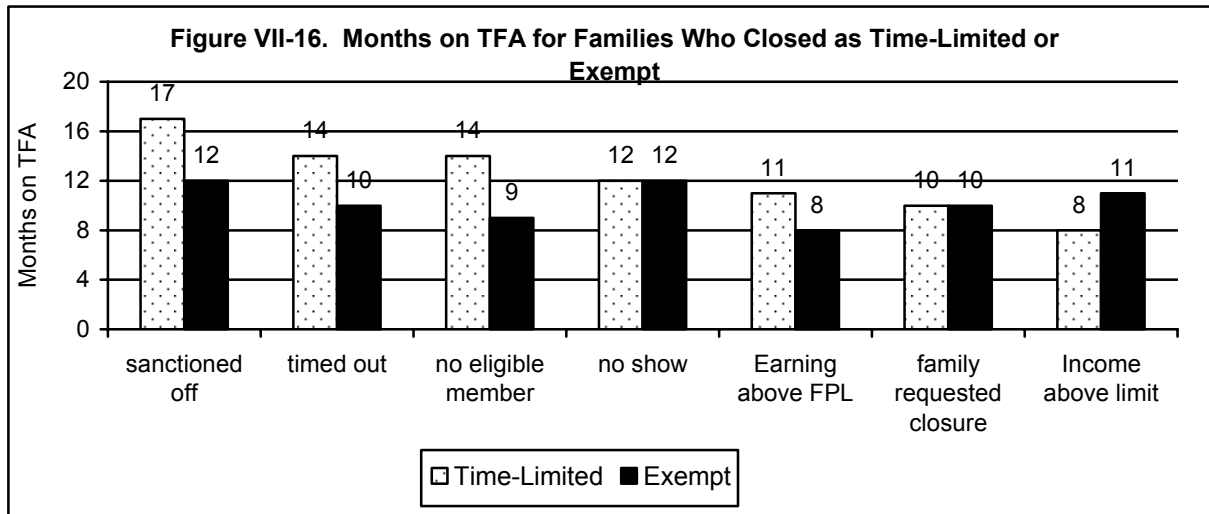


Figure VII-16 shows that the *JFES time-limited clients with closures* spent more time on cash assistance than exempt clients with closures. Overall, time-limited closed cases had received an average of 12 months of cash assistance since October 2003 in comparison to the average 11 months received by exempt closed cases. Statistically significant differences occurred for families who closed due to earning above FPL and for families who no longer had a member eligible for TFA.

Particular barriers to employment. The more successful were contrasted with the less successful TFA leavers with respect to particular barriers to employment. Figure VII-17 shows the greater presence of particular barriers for the less successful TFA leavers. Note that there was no difference in the presence of any other barriers including child care and transportation in the level of success for TFA leavers.

Because clients who lack a high school diploma or GED are more likely to leave TFA unsuccessfully, **program review committee recommends that:**

More emphasis should be placed on helping TFA recipients gain their GED or high school diploma, including consideration of requiring time-limited clients to enroll in an adult education program if they have been unable to secure employment after trying for one year.



Because clients with a barrier of substance abuse have almost no chance of successfully leaving TFA, **the committee recommends that:**

More emphasis should be placed on identifying and treating substance abuse.

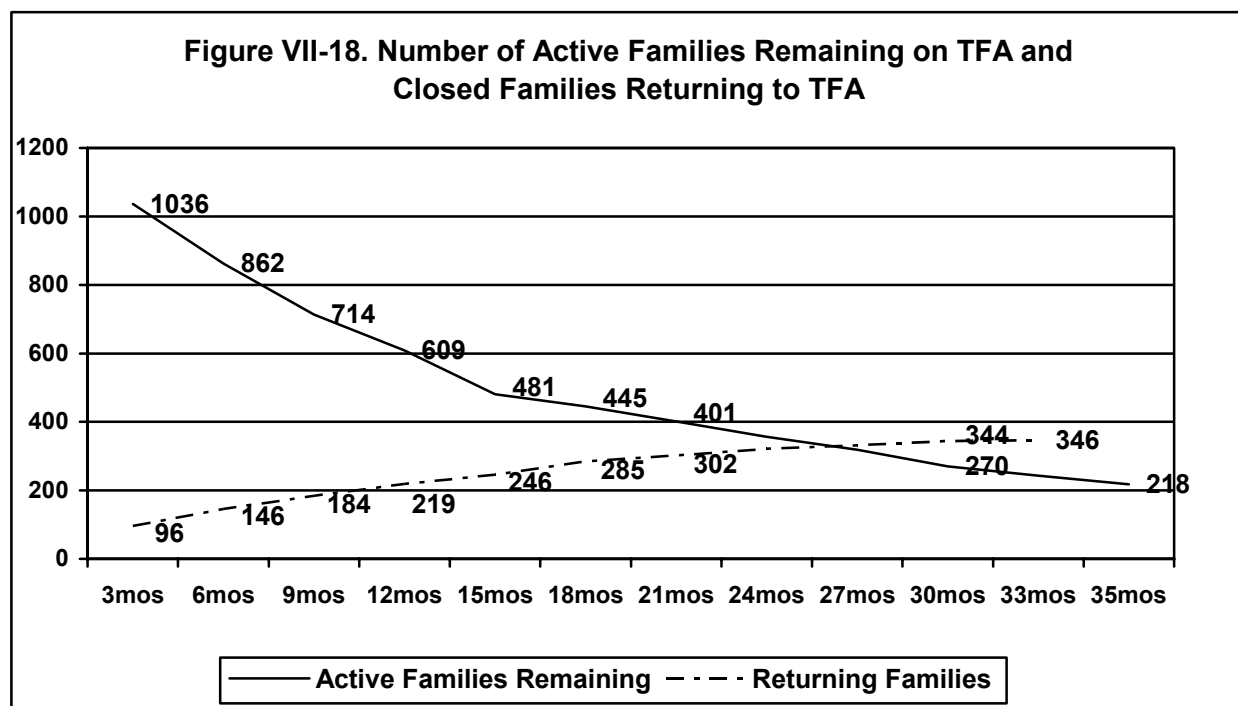
Returning to TFA

Cycling on and off of JFES. There were several indications of clients leaving TFA and then returning. A total of 302 out of 974 families who entered TFA in October 2003 and closed at least once returned to TFA. Of the remaining 672, there were 386 families that had previously been time-limited. *In total, 688, or 71 percent of the 974 families were on TFA more than once.*

Overall percent of families returning to TFA. Figure VII-18 shows the number of active families on TFA in relation to closed families who are returning to TFA. Approximately

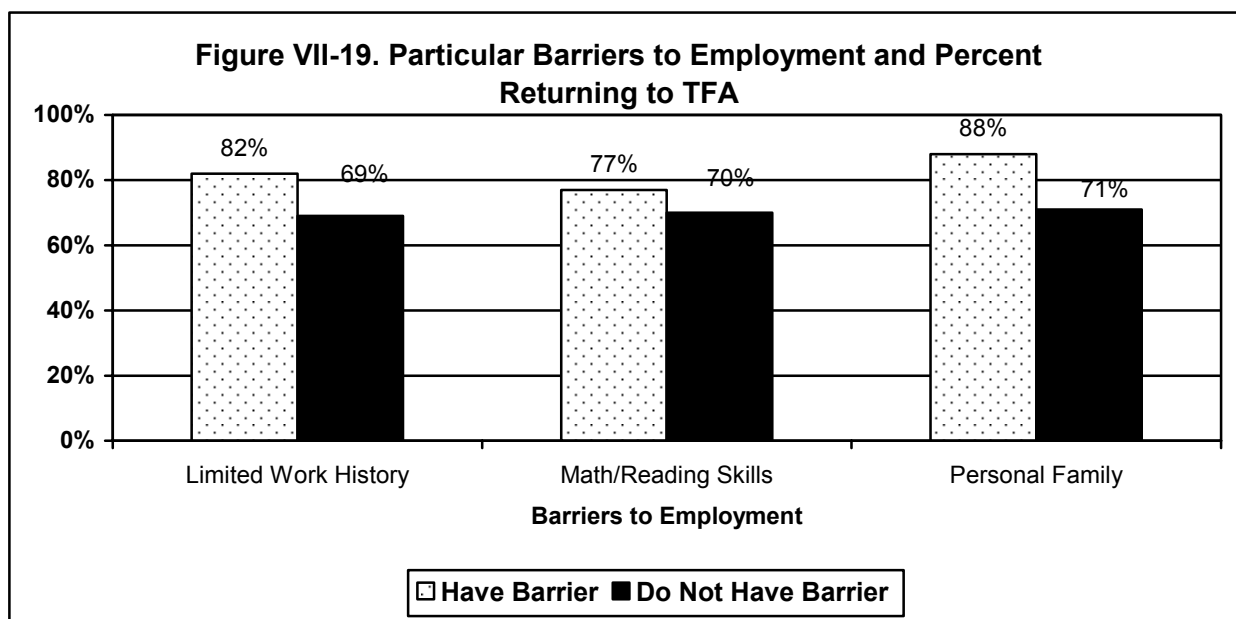
30 percent of all families are returning to TFA; two-thirds within the year. Note that one year post closure had not passed for all families.

Most of the cases (81 percent) were closed by August 2006, the most recent month for which program review had data. There were 218 families (19 percent) that were TFA recipients in August 2006, 135 of whom (62 percent) had closed and then reopened between October 2003 and August 2006. Appendix CC shows the number of times the 1,171 households cycled on and off of TFA between October 2003 and August 2006.



Barriers to employment. In comparison to the families that had been on TFA just once, *families that had been on TFA multiple times had significantly more barriers to employment.* Figure VII-19 shows that the families returning to TFA were more likely to have a limited work history, math and reading skill deficits, and have personal/family barriers to employment. *Addressing barriers to employment, such as math and reading skill deficits through earning a GED or high school diploma, may reduce the likelihood of families returning to TFA.*

WIB regional differences in reasons for case closings. The five WIB Regions differed on several demographic characteristics as well as in the reasons that cases closed. Table VII-13 shows that *families in the Eastern Region were most likely to leave TFA because they were employed and earning above the Federal Poverty Level.* Families in the South Central and Southwest Regions were most likely to leave TFA because they had timed out or did not get an extension approved.



<i>Reason</i>	<i>Region</i>				
	<i>Eastern (n=140)</i>	<i>North Central (n=395)</i>	<i>Northwest (n=157)</i>	<i>South Central (n=200)</i>	<i>Southwest (n=193)</i>
Employed and earning above FPL	37%	24%	26%	24%	30%
Income above limit	6%	7%	6%	6%	6%
Timed out or extension not approved	6%	15%	13%	23%	21%
Sanctioned off TFA	3%	3%	3%	2%	2%
No show for required appointment or paperwork incomplete	24%	27%	28%	25%	23%
No eligible member in Assistance Unit	14%	13%	12%	9%	7%
Assistance Unit requested closure	9%	6%	8%	6%	7%
Other	1%	4%	4%	5%	3%
Total ¹	100%	99%	100%	100%	99%

¹Percents may not total to 100 percent due to rounding.
Source: DSS

Success by particular types of work. Clients who left TFA and had better success worked in particular sectors of the economy (Table VII-14). *Clients who left and were earning above the federal poverty level were more likely to be working in the following sectors: health care and social assistance; professional, scientific; and finance and insurance.* (Appendix DD provides employment sector information for JFES active, inactive and exempt clients).

Table VII-14. Client Earnings in the Quarter Following Exit From TFA and the Industry they worked in Between October 2003 and March 2006

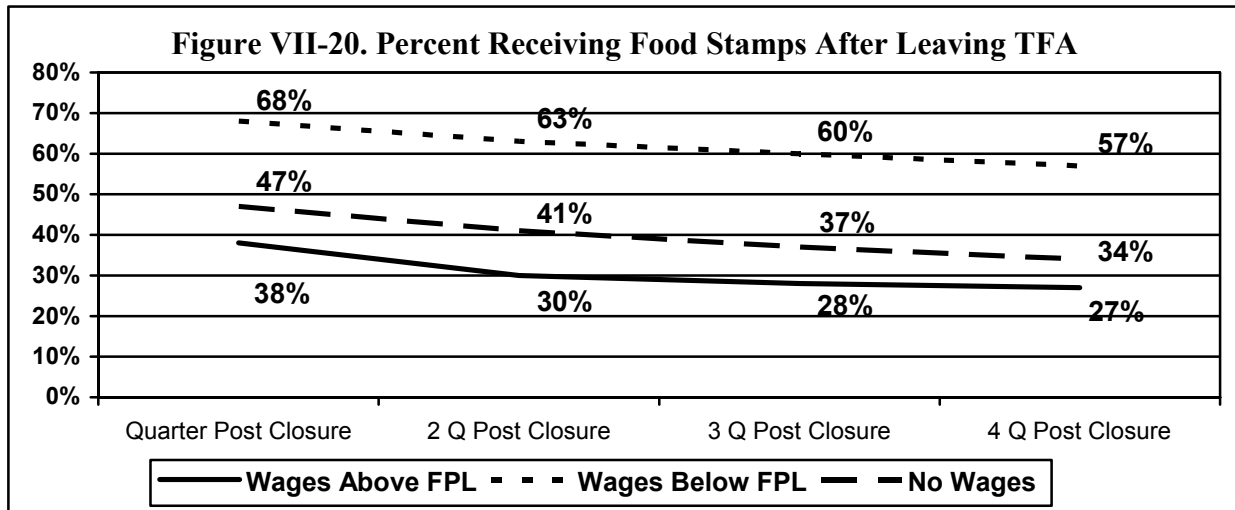
	<i>Earning Above FPL in Quarter Post Closure (n=145)</i>	<i>Earning Below FPL in Quarter Post Closure (n=222)</i>	<i>No Earnings in Quarter Post Closure (n=325)</i>
Sector	Percent	Percent	Percent
Administrative, Support, Waste Management and Remediation Services	46%	43%	25%
Accommodation and Food Services	21%	40%	22%
Health Care and Social Assistance	38%	29%	16%
Retail	23%	30%	14%
Education	7%	6%	5%
Professional, Scientific and Technical	8%	6%	3%
Wholesale	8%	6%	3%
Arts, Entertainment and Recreation	4%	8%	2%
Finance and Insurance	10%	3%	2%
Transportation and Warehousing	7%	4%	2%
Construction	3%	1%	1%
Real Estate, Rental and Leasing	6%	6%	2%
Information	6%	3%	1%
Manufacturing	2%	1%	2%
Public Administration	1%	<1%	0%
Agriculture	1%	1%	<1%
Other	9%	10%	6%
Source: DOL Wage Database			

The families earning below the federal poverty level were more likely to be working in the following sectors: accommodation and food services; retail; and arts, entertainment and recreation. To promote financial independence, **program review committee recommends that:**

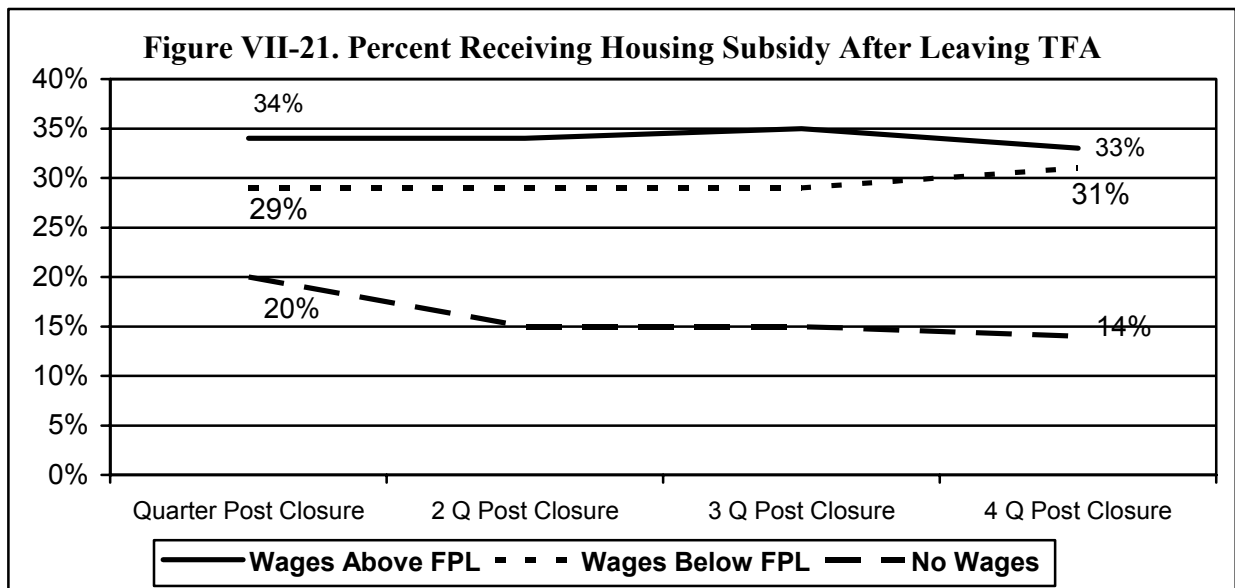
JFES staff should encourage families to prepare for and find employment in the more lucrative sectors.

Other Financial Information about Families Once They Leave TFA

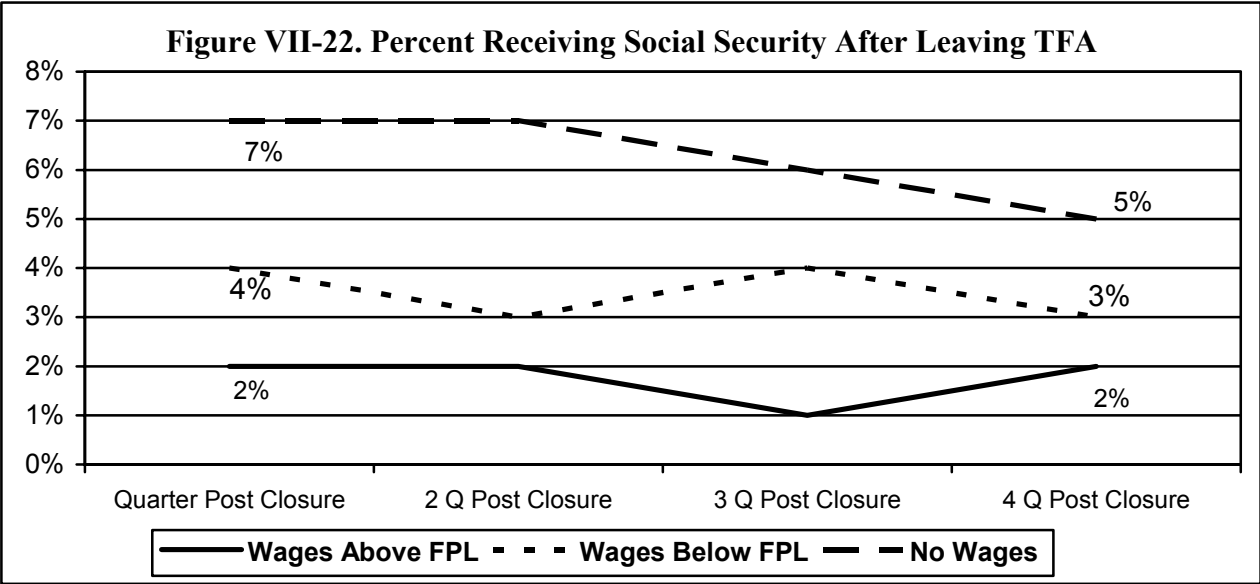
Receipt of food stamps by former TFA recipients. Figure VII-20 shows the percent of former TFA families receiving food stamps and whether they had wages above or below the federal poverty level in that quarter. *There is a lessening of reliance on food stamps, even for families with no wages reported in that quarter.*



Receipt of housing assistance by former TFA recipients. Figure VII-21 shows the percent of former TFA families receiving housing assistance as indicated on DSS' eligibility information system and whether they had wages above or below the federal poverty level in that quarter. *Unlike food stamps, there is no significant lessening of reliance on housing subsidies or public housing.*



Receipt of social security by former TFA recipients. Figure VII-22 shows the percent of former TFA families receiving social security as indicated on DSS' eligibility system and whether they had wages above or below the federal poverty level in that quarter. *Most of the 47 families (74 percent) who received social security in the quarter after TFA closure had no earned wages reported on the DOL Earned Wage Database.* Relatively little change in financial condition occurred for these families.



Chapter Eight

Federal and State Earned Income Tax Credit

Federal Earned Income Tax Credit. The Earned Income Tax Credit (EITC) is a tax credit that is used by the federal and some state governments for low-income working individuals and families. It is a refundable tax credit that reduces or eliminates the taxes that low-income working people pay and also can operate as a wage subsidy for very low-income workers with no tax liability. The objective of the EITC program is to offset the burden of payroll taxes, reduce poverty, and provide an incentive to work. The federal government administers the EITC through the federal income tax system.

The federal EITC is recognized as the largest anti-poverty program in the United States that directly helps working families. Over 21 million families received more than \$39 billion in refunds in 2004. In addition, research indicates that the impact of the program on the local economy is significant, because program recipients return the dollars they receive back to the communities in which they live.

In addition to the federal EITC, 19 states and the District of Columbia also have state administered EITC programs. The intent of these state programs is to further reduce the tax burden on low-income workers, supplement their wages, and assist welfare recipients in making the transition to work. *Overall, the committee found:*

- *Connecticut has a low rate of participation in the federal EITC program compared to states with similar poverty rates;*
- *outreach efforts in Connecticut to improve the number of low-income workers filing for the EITC, while increasing, are still not adequate;*
- *states with individual EITC programs have higher participation rates in the federal EITC; and*
- *all New England states have a state EITC program except for New Hampshire and Connecticut. New Hampshire has no income tax.*

Established in 1975, the federal EITC was created to offset the effects of federal Social Security and Medicare payroll taxes on low-income families. The EITC has been broadened several times by Congress since its initial adoption to provide additional assistance to welfare recipients entering the workforce and other workers supporting their families on low wages. The EITC maximum amounts and income limits are adjusted each year by the IRS for inflation.

To qualify for the credit, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money that requires a tax return be filed. If the EITC exceeds the amount of taxes owed by a family, it results in a tax refund to those who claim and qualify for the credit. The credit is not counted as income or assets in determining eligibility for most benefits including TANF cash assistance, food stamps, or medical assistance.

Eligibility. In order to qualify for the credit, an individual:

- must have a valid social security number;
- must have earned income from employment or from self-employment;
- cannot have a filing status of married, filing separately;
- must be a U.S. citizen or resident alien all year, or a nonresident alien married to a U.S. citizen or resident alien and filing a joint return;
- cannot be a qualifying child of another person; and
- must, without a qualifying child:
 - be age 25 or older--but under age 65 at the end of the year;
 - live in the United States for more than half the year; and
 - not qualify as a dependent of another person.

Benefit structure. The impact of the EITC on a working family's income can be significant. Larger families receive a larger credit because the EITC takes into account that they have greater living expenses than smaller families. Figure 1 shows that the credit is phased in and once annual earnings equal a specific amount, the credit is reduced through a phase-out.

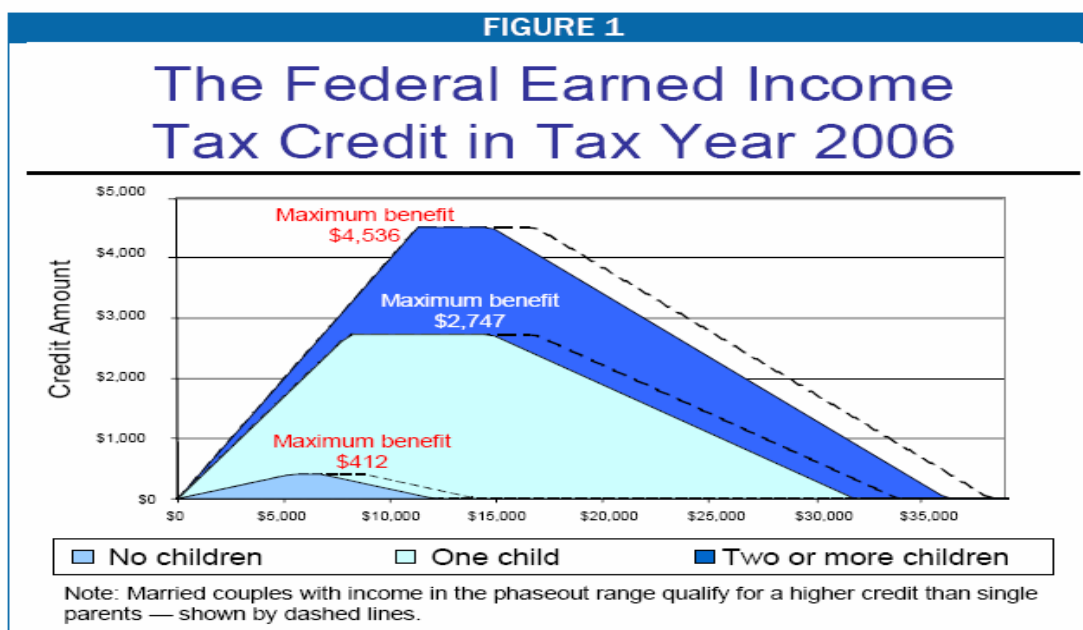


Table VIII-1 shows the benefit structure for 2006, which is linked to a family's income. The maximum federal EITC benefit for the 2006 tax year is \$4,536 for families with two or more children and \$2,747 for families with one child. Low-income workers without a qualifying child also can receive an EITC, but the maximum credit for individuals or couples without children is limited to \$412.

Table VIII-1. Federal Earned Income Tax Credit Parameters for Tax Year 2006					
		Phase-out Range			
Tax Year	Credit Percentage	Max. Benefit	Phase-Out Rate	Single/Head of Household	Married, filing jointly
Families with two or more children: 2006	40% of first 11,300	\$4,536	21.06%	\$14,810 - \$36,348	\$16,810 - \$38,348
Families with one child: 2006	34% of first \$8,050	\$2,747	15.98%	\$14,810 - \$32,001	\$16,810 - \$34,001
Families with no children: 2006	7.65% of first \$5,370	\$412	7.65%	\$6,710 - \$12,120	\$8,710 - \$14,120
Source: Internal Revenue Service.					

The EITC gradually phases out as family income rises above \$14,810 for single-parent families or \$16,810 for married couples. Single-parent families with two or more children are eligible for some EITC benefit until income exceeds \$36,348, while such families with one child remain eligible for some EITC benefit until income exceeds \$32,001. For married couples, the maximum eligibility levels are \$38,348 for two or more children and \$34,001 for one child.

Use of federal EITC in Connecticut. There are no exact figures on the number of U.S. recipients that would be eligible for the EITC credit but do not file a tax return. However, the General Accounting Office estimated in 1999 that 25 percent of eligible recipients did not claim the credit although more recent studies identified problems with the methodology used, and re-calculated the estimate to be closer to 15 percent. Advocates for the EITC have indicated that even a small (e.g., 5 percent) increase in EITC participation would have a substantial financial impact on any state's working poor population.

Table VIII-2 compares the percent of EITC filings to the total number of returns filed in Connecticut and the amount of the credit received by recipients. In 2004, the average EITC in Connecticut was \$1,635 per filer. If Connecticut could achieve the estimated 15 percent participation rate among those eligible for the federal EITC, it could result in an additional \$12 million to the state's working poor families.

Table VIII-2. Estimates of Current Federal EITC Use in Connecticut					
Tax Returns	2000	2001	2002	2003	2004
Total Returns	1,642,476	1,616,339	1,598,699	1,590,942	1,643,700
EITC Filings	141,404	142,006	156,517	161,804	159,816
% Receiving EITC	8.6%	8.8%	9.8%	10.2%	10.3%
EITC Amount	\$212,629,087	\$216,9945,510	\$244,805,040	\$255,778,895	\$261,340,940
Source: IRS.					

Other state use of EITC compared to Connecticut. States with high poverty rates have higher EITC participation rates. However, the program review committee compared Maryland, Minnesota, New Jersey, and Virginia, four states with state EITCs that have poverty rates closest

to Connecticut, and found that all four states have higher percentages of their residents receiving the federal EITC. Appendix EE compares Connecticut's use of the federal EITC with other states in the country.

Since 1990 the Connecticut Departments of Social Services (DSS) and Labor (DOL) have been required to notify their clients of the credit. DSS typically informs people of the credit's availability if they are engaged in work activities. In addition, as a result of the recommendations of the Child Poverty Council, P.A. 05-244 required DSS to promote the Federal EITC to government and private entities that had frequent contact with low income working families. DOL is also involved in the promotion of the federal EITC and has information about that and other tax credits available to low income working families on its website. The labor department includes printed information in the guides claimants receive when applying for unemployment compensation benefits. The IRS also promotes the EITC on its website as well as providing promotional materials that can be downloaded for local use.

Outreach efforts have included posters and flyers promoting the EITC and the Volunteer Income Tax Assistance (VITA) sites, as well as direct mail campaigns targeted at low income working families. VITA sites have information about the EITC and are able to identify potential recipients while completing their returns.

There are many strategies that states use in an attempt to increase the use of the federal EITC. The most common include partnerships with state agencies that commonly interact with the population who is most likely to be eligible for the credit. In particular, the involvement of human services and labor agencies are most common due to their interactions with low income working families. **Therefore, the program review committee recommends the Departments of Social Services and Labor should use the following strategies to increase federal EITC filing participation rates:**

- **discuss the EITC at regular client meetings;**
- **advertise with posters and flyers in agency offices;**
- **insert information in agency mailings to clients; and**
- **partner with utility companies to include EITC information in mailings with billing statements.**

State Earned Income Tax Credit

Nineteen states and the District of Columbia have enacted state Earned Income Tax Credits (EITC) that supplement the federal earned income tax credit and work as a rebate for state taxes paid by low-income working people. The states with an EITC use federal eligibility rules to qualify for the state EITC and the amount of the credit is calculated as a percentage of the federal EITC. (The percentages are shown in Table VIII-3.) One state with an EITC, Minnesota, also uses federal eligibility rules, and its credit parallels major elements of the federal structure.

As shown in the table, all but four of the states with a state EITC have refundable credits, which allow a credit to either offset tax liability or provide an outright payment even if no tax is

due. Delaware, Iowa, Maine, and Virginia have credits that can only be applied to reduce tax liability.

Table VIII-3. States with Earned Income Tax Credits Based on the Federal EITC			
<i>State</i>	<i>Percentage of Federal Credit (TY 2004)</i>	<i>Refundable</i>	<i>Workers without Qualifying Children Eligible</i>
Colorado ^a	10%	Yes	Yes
Delaware	20%	No	Yes
D.C.	35%	Yes	Yes
Indiana	6%	Yes	Yes
Illinois	5%	Yes	Yes
Iowa	6.5%	No	Yes
Kansas	15%	Yes	Yes
Maine	4.92%	No	Yes
Maryland	20%	Yes	No
Massachusetts	15%	Yes	Yes
Minnesota	Average 33%	Yes	Yes
Nebraska	8%	Yes	Yes
New Jersey	20%	Yes	No
New York	30%	Yes	Yes
Oklahoma	5%	Yes	Yes
Oregon	5%	Yes (as of 2006)	Yes
Rhode Island	25%	Partially	Yes
Vermont	32%	Yes	Yes
Virginia	20%	No	Yes
Wisconsin	4% - one child 14% - two children 43% - three children	Yes	No
^a The Colorado credit has been suspended since 2003 due to insufficient funds. ^b Expires TY 2011. ^c Maryland also offers a non-refundable EITC set at 50 percent of the credit. Taxpayers may claim either the refundable credit or non-refundable credit but not both. ^d Minnesota's credit, depending on income level ranges from 25 percent to 45 percent of the federal EITC; taxpayers without children may receive a 25 percent credit. ^e The New Jersey credit is available only to families with incomes below \$20,000 ^f The New York credit will be reduced automatically to the 1999 level of 20 percent should the federal government reduce New York's share of the TANF block grant. ^g Rhode Island made a very small portion of its EITC refundable effective in TY 2003. In 2005, the refundable portion was increased from 5 percent to 10 percent.			
Source: Nage. Ami and Nicholas Johnson. 2006, "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006. Center on Budget and Policy Priorities.			

There are numerous advantages of having a state EITC. The federal EITC is widely recognized as the most successful anti-poverty program in the United States. The Legislative Program Review Committee, in its study of Connecticut's Tax System (January 2006), found a state EITC can help offset the regressive nature of other state taxes such as sales and excise taxes. A state EITC can also help to offset the state income tax burden on low-income working families. **Therefore, the program review committee recommends:**

There shall be a study comparing the costs and benefits of adopting a state earned income tax credit program at either 5 percent, 10 percent, 15 percent or 20 percent of the federal earned income tax credit as opposed to using the funds for programs that address barriers to employment, such as child care and transportation.

Financing a State EITC

The cost of a state EITC depends primarily on four factors:

- the number of families in a state that claim the federal credit;
- the percentage of the federal credit at which the state credit is set;
- whether the credit is refundable or non-refundable; and
- the number of state residents that receive the federal credit also learn about and claim the state credit.

The annual cost of refundable state EITCs in recent years has ranged from about \$17.3 million in Vermont to \$591 million in New York, less than 1 percent of state tax revenue in each state.¹²

State EITCs are financed in whole or in part from funds available in a state's general fund -- the same funding source typically used for other types of tax cuts. When a state EITC is used to offset the effects of a regressive tax increase, such as a sales tax increase, a part of the proceeds of the revenue increase may be set aside for the state EITC.

Current federal regulations also allow a portion of the cost of a refundable credit to be funded by a state's share of the federal TANF block grant. However, most states have very limited availability of such funds, because the amount of the grant is fixed and has been further eroded because the Deficit Reduction Act of 2005 reauthorizing TANF has led to the implementation of costly new work requirements for states.

Table VIII-4 shows that in FFY 05, three states used part of their TANF block grants as part of the funding for their state EITCs, and eleven states counted at least part of their state EITC funding as part of the MOE funds.

Adopting an EITC in Connecticut

In its 2006 study of Connecticut's Tax System, the Legislative Program Review and Investigations Committee set out as a policy option for consideration adoption of a state EITC to make the tax system more equitable. As developed in the option, the structure would be similar to other Northeast states and the credit piggy-back onto the federal EITC. The study noted:

- that these types of programs provide incentives for people to work, even if their income is low; and

¹² Center on Budget and Policy Priorities, A Hand Up, How State Earned Income Tax Credits Help Working Families Escape Poverty, 2003.

- certain states are using the state personal income tax system to reach the same objectives and to relieve the regressive nature of the sales and property tax, and hence make the system more equitable. For example, 28 states use child or dependent care credits depending on income, and 18 states use an earned income tax credit.

Table VIII-4. Use of TANF Funds for State EITC			
<i>State</i>	<i>EITC TANF</i>	<i>EITC MOE</i>	<i>EITC as % of Total</i>
Colorado	\$0	\$5,000,000	2.2%
District of Columbia	\$0	\$0	0.0%
Illinois	\$14,835,790	\$108,365	1.5%
Indiana	\$0	\$36,059,657	11.5%
Kansas	\$0	\$27,407,123	15.2%
Maryland	\$0	\$91,970,465	24.7%
Massachusetts	\$0	\$69,887,916	8.5%
Minnesota	\$17,825,935	\$35,532,713	12.9%
New Jersey	\$18,393,000	\$0	1.8%
New York	\$0	\$738,779,413	16.5%
Oklahoma	\$0	\$0	0.00%
Oregon	\$0	\$3,523,890	1.3%
Rhode Island	\$0	\$0	0.00%
Vermont	\$0	\$8,028,004	9.9%
Wisconsin	\$0	\$59,532,000	11.4%
Source: Center for Law and Social Policy. "Analysis of Fiscal Year 2005 TANF and MOE Spending by States.			

The study also stated that it is unlikely the same number of filers would apply for a Connecticut EITC program as apply for the federal EITC -- because the federal filing requirements are markedly different from Connecticut's. A single filer under 65 must file a 2005 federal return if his/her income was \$8,200; in Connecticut the filing requirement threshold was \$12,625 for a single person. For those married filing jointly, the IRS threshold was \$17,400, while it was \$24,000 in Connecticut. Given Connecticut's filing thresholds, the state would want to offer a refundable credit as recommended, otherwise it would not benefit lower-income persons exempt from state filing.

The study also noted that this type of program has been shown to be prone to error and abuse. The Internal Revenue Service (IRS) conducted a study of the federal earned income tax credit program in 1999 and found that 27 to 32 percent of the claims were erroneous. As a result, the IRS strengthened enforcement activities, and enhanced research efforts to reduce over claims and erroneous filing associated with the EITC. During FY 2002, the IRS allocated approximately \$100.6 million for EITC compliance activities.

Cost estimate. The program review committee estimated what it would cost the state to implement a state EITC (shown in Table VIII-5). The most important variables to consider when making this estimate are the percentage of the federal credit, and whether or not it will be refundable. Estimates calculated on the potential cost to Connecticut at the 20 percent level, which was proposed during the 2006 legislative session, are about \$51 million.

Table VIII-5. Estimated Cost of State EITC Based on Federal EITC Claims in FY 2004	
<i>Percentage of Federal EITC</i>	<i>Estimated cost of State EITC in FY 2007</i>
Set at 5 percent	\$13 million
Set at 10 percent	\$25 million
Set at 20 percent	\$51 million
Source: Center on Budget and Policy Priorities, <i>How Much Would a State Earned Income Tax Credit Cost?</i> , February 1, 2006.	

Connecticut 2006 EITC legislation. In 2006, the Human Services Committee raised a bill (SB-147) proposing a refundable state EITC set at 20 percent of the federal credit. At the public hearing, many individuals and organizations provided testimony in favor of a state EITC including, Connecticut Association of Human Services, Voices for Children, The African-American Affairs Commission, and The Latino Affairs Commission. The key points that supporters made about why Connecticut should have a state EITC are that the Federal EITC has been considered to be the most successful anti-poverty program in America and has received widespread bi-partisan support. No one testified in opposition to the credit. The bill was voted out of the Human Services Committee after a public hearing. Although the bill never was taken up by the Finance, Revenue and Bonding Committee, a 10 percent EITC was included as part of the committee's budget package until it was removed as part of budget negotiations. Similar legislation has also been introduced prior to 2006.

Supporters of the bill noted that¹³:

- Connecticut's income tax threshold (the income level at which families begin to have tax liability) for a family of four has been fixed at \$24,100 since Connecticut's income tax was enacted in 1991. The threshold level has slipped -- from 73 percent over the poverty line in 1991 to 21 percent over the poverty line currently;
- In 2005, Connecticut taxed families with income at 125 percent of the poverty line for the first time since 1991 (personal exemption excludes from tax \$19,000 for heads of household). Without legislative action, Connecticut will tax families with poverty-level incomes in just a few years; and
- If Connecticut's lower income taxpayers were held harmless, relative to inflation, the income tax threshold would be \$34,557 today, rather than the actual \$24,100.

The committee realizes that the cost of adopting a state EITC would be high, but also recognizes the credit supports the local economy, and helps lift families out of poverty. A study comparing the costs and benefits of adopting such a tax credit versus using the revenue to support programs that address barriers to employment will help the legislature decide how to best use limited state resources.

¹³ Public hearing submissions to the committee on Human Services, 2/23/06.

Chapter Nine

Measures of Poverty and Connecticut's TFA Payment Standards

There are many different definitions and concepts of financial well-being. This chapter describes how poverty is measured by the federal government and examines Connecticut's poverty rates. It also identifies the different levels of income a family must be below in order to be eligible for TFA or an extension to the 21-month time limit. Finally, it examines another measure, developed specifically for Connecticut and called the self-sufficiency standard, which is used to determine the income needed to meet family needs without public supports.

Federal Poverty Levels and Guidelines

Federal poverty thresholds. The U.S. Census Bureau annually determines the number of people in poverty by establishing poverty thresholds. Those considered "poor" live in families with incomes below the poverty threshold for their family type (based on family size and number of children in the family). Poverty thresholds are used for calculating all official poverty population statistics -- for instance, figures on the number of Americans in poverty each year. In 2005, for example, the federal poverty threshold for a family of three with two children was \$15,735, making such a family officially "poor."

To measure income, the Census Bureau uses a nationally representative survey. The official poverty definition counts monetary income before taxes, including wages, salaries, interest, dividends, self-employment income, welfare payments (TANF), unemployment insurance, and social security payments. Realized capital gains and non-cash government benefits (such as public housing, Medicaid, and food stamps) are excluded from this definition of income.

The poverty thresholds were originally developed in 1963-1964 by an employee of the Social Security Administration. The initial thresholds were based on the U.S. Department of Agriculture's (USDA) 1955 Economy Food Plan, which was used to determine how much a family needed to spend on food to meet their minimum food needs and then determined the share of income a family spent on food.

In 1955, families of three or more persons (all such families, not just low-income families) spent about one-third of their after-tax money income on food. Because food costs were a third of a family's expenses, the methodology used multiplied the costs of the food plan for different family sizes by three. These measures were later adopted by the Census Bureau as the official poverty thresholds also. The Census Bureau updates the poverty thresholds for inflation each year using the consumer price index (CPI). There have been only minor changes to the way the thresholds are calculated since they were adopted. (Note that the food share used to develop the thresholds does not represent today's consumption pattern for either the general population or the poverty population.)

Criticisms of measure. The methodology used by the federal government for measuring the rate of poverty has been criticized almost since its inception. The most significant criticisms include:

- inadequate adjustments for changing consumption patterns, inflation, and different family sizes and structures;
- exclusion of taxes (family income before taxes is used by the Census Bureau to measure official poverty);
- failure to include other government benefits as income because of the value to recipients of in-kind benefits (e.g., food stamps, Medicaid, subsidized housing, childcare) received and taxes paid; and
- no adjustments for substantial geographic variation in the cost of living.

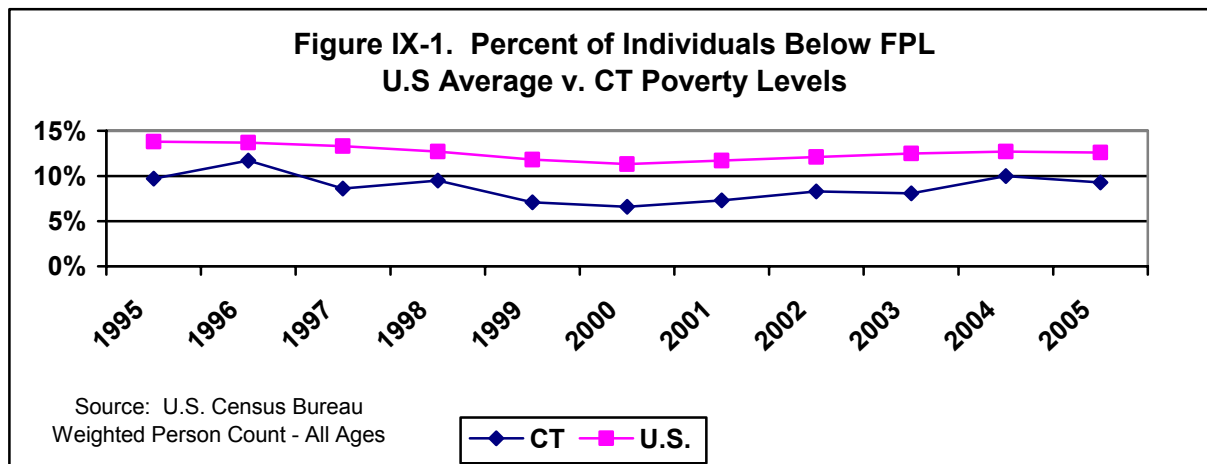
Poverty guidelines. The poverty guidelines are based on the poverty thresholds but are issued by the Department of Health and Human Services. The guidelines are used to determine eligibility for many government programs, including food stamps, legal services, and the school lunch program, and are referred to as the federal poverty level (FPL). For practical purposes, the main difference between the two sets of numbers is that the poverty guidelines are more current than the thresholds. The guidelines are updated for the current year in the winter/early spring of that year, whereas the thresholds aren't updated until sometime in the following year. The guidelines for 2006 are shown in Table IX-1.

Table IX-1. 2006 HHS Poverty Guidelines (Federal Poverty Level)			
<i>Persons in Family or Household</i>	<i>48 Continuous States and D.C.</i>	<i>Alaska</i>	<i>Hawaii</i>
1	\$9,800	\$12,250	\$11,270
2	\$13,200	\$16,500	\$15,180
3	\$16,600	\$20,750	\$19,090
4	\$20,000	\$25,000	\$23,000
5	\$23,400	\$29,250	\$26,910
6	\$26,800	\$33,500	\$30,820
7	\$30,200	\$37,750	\$34,730
8	\$33,600	\$42,000	\$38,640
For each additional person, add	\$3,400	\$4,250	\$3,910
Source: Federal Register, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849			

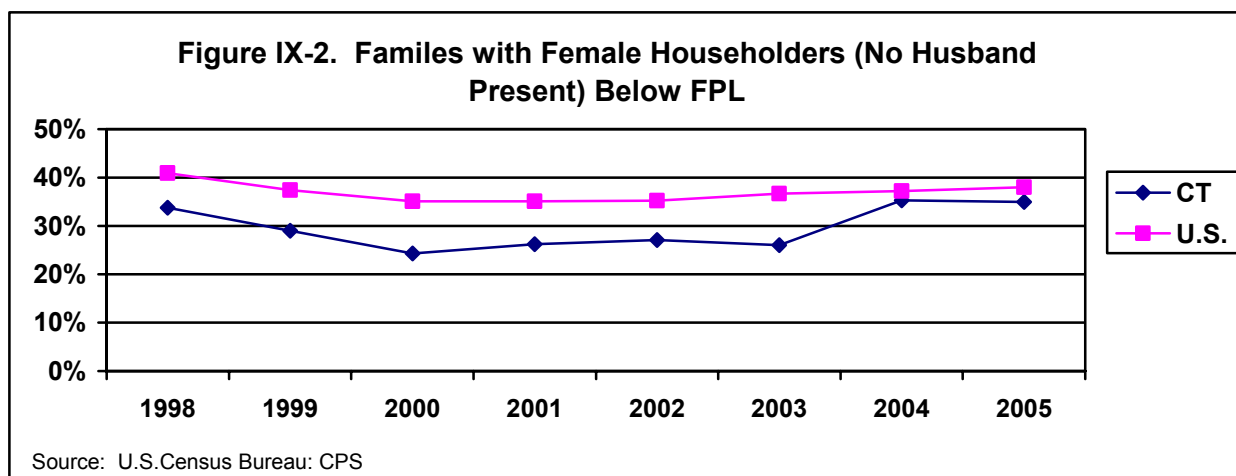
Connecticut's Jobs First program does not use either of these standards to determine eligibility for benefits. Rather, a Standard of Need (SoN), which is based on the 1992 federal poverty level is used to determine eligibility while a different measure, called the Payment Standard, which is what a family actually receives as its TFA cash amount, is used to determine whether a time-limited client is eligible for an extension once the 21-month time limit expires.

Poverty Levels in Connecticut

Trends in poverty rate. The program review committee examined census data from the Current Population Survey (CPS) to determine if the percent of individuals living below the FPL in Connecticut has changed over time. Figure IX-1 compares Connecticut's poverty rate to the U.S. average. For the most recent year in which data are available (2005), 9.3 percent of Connecticut residents (326,000) had incomes under the FPL.



Poverty statistics and specific subgroups. The percent of people in Connecticut living below 100 percent of FPL is much greater when only families with a female householder, no husband present are considered. Figure IX-2 shows that Connecticut's rate of poverty is much closer to the U.S. average when this subgroup is examined. Furthermore, although the poverty rate declined between 1998 and 2000 and remained relatively flat from 2001 to 2003, it has grown by about 9 percent since 2003 to over one-third (35 percent) of families with female householders and no husband present living below the federal poverty level.



Poverty rate in cities. Table IX-2 shows Connecticut's cities have the highest percentage of people living below the FPL compared to the rest of the state. The Census Bureau, through the American Community Survey, issued poverty, median income, and other estimates

for several Connecticut cities. According to the survey, almost 43 percent of children under 18 years old in families living in Hartford are under the FPL, followed by New Haven at almost 40 percent.

Table IX-2. Poverty Rates and Income in Connecticut Cities: 2005

<i>City</i>	<i>Persons with income < FPL</i>	<i>Children under 18 in Families < FPL</i>	<i>Median Household Income in 2005 Dollars</i>
Hartford	32.0%	42.5%	\$26,032
New Haven	27.2%	39.8%	\$30,603
New Britain	18.8%	30.3%	\$39,303
Waterbury	18.0%	26.8%	\$36,120
Bridgeport	17.9%	27.3%	\$36,976
Danbury	11.4%	8.2%	\$55,881
Stamford	8.7%	12.1%	\$66,638
Norwalk	8.1%	26.8%	\$36,120

Source: Connecticut Voices for Children. Census Bureau Reports Increase in CT Poverty and Uninsured Rates Despite Improving Economy. Press Release, August 29, 2006. (Based on U.S. Census Bureau Current Population Survey.)

Eligibility for TFA and Connecticut's Payment Standard

Since 1969, under the federal Aid to Families with Dependent Children law, states were required to establish two standards -- a Standard of Need (SoN) for determining eligibility for AFDC and a Payment Standard for determining the amount of assistance payments (since states could pay less than the need standard). Connecticut has had such standards in place for almost 40 years. Prior to 1994, Connecticut defined its SoN as the monthly amount of money considered necessary to cover 23 usual, recurring basic needs of a family, such as food, clothing, shelter, fuel and utilities. According to DSS, the methodology had not been updated since the 1970s. In 1994, however, the SoN was revised and set at about 60 percent of the FPL, although DSS policy transmittals continue to define the SoN as representing "normal, recurring, basic needs of a family."

In 1993, in accordance with the federal Family Support Act of 1988, Connecticut was required to revise and update its SoN. Federal law required the revised need standard to reflect the actual cost of living in the state.

Public Act 93-418, which mirrored the requirements of the federal law, required the DSS commissioner to establish a new SoN based on the cost of living in the state effective January 1, 1994. The act created a different Payment Standard and required it to be equal to the SoN that was in effect July 1, 1993, which was 78 percent of the new SoN (see Table IX-3). The act also froze the payment standards at their current levels for the next two fiscal years, then, beginning July 1, 1995, increased it by any increase in the CPI for urban consumers, with a maximum annual increase of 5 percent. Subsequent legislation, however, suspended this requirement each year through June 30, 2006. Thus payment standards have been stagnant since 1991.

Table IX-3. An Example of the Relationship between Payment Standard and Standard of Need for a Family of Three in Region B

<i>Year</i>	<i>Payment Standard</i>	<i>Standard of Need to Determine Eligibility</i>	<i>Cash Benefit for Family of Three in Region B</i>
1993 and before	100 Percent of SoN	\$581	\$581
1994	78 Percent of SoN	\$745	\$581
1995 – 2006	73 Percent of SoN	\$745	\$543
Source: OFA budget book 1993 -1995 and Public Act 93-418 and 95-194.			

The 1994 revised SoN was based on a percentage of the 1992 FPL (e.g., \$9,190 for a family of two in Region B). Essentially, this change resulted in the new Payment Standard equaling the previous SoN. However, because eligibility for welfare is based on meeting the SoN thresholds, it was anticipated that more families would become eligible for welfare.

The actual cash benefit was reduced under P.A. 05-194 by resetting the Payment Standard to 73 percent of the SoN for families not in subsidized housing and an additional 8 percent for families in public or subsidized housing.

At the same time this was implemented, other welfare reform initiatives were being implemented. One reform, called “fill-the-gap” budgeting, was initiated in 1994, to an incentive for AFDC recipients that allowed working clients to keep more of their earnings -- up to the SoN threshold. For fill-the-gap budgeting to work, there needed to be a gap between the state’s SoN and its Payment Standard. Under fill-the-gap budgeting, the state paid a percent of the difference between the standard of need and the client’s income. Connecticut, for example, paid 78 percent of the new SoN in 1994 and reduced it to 73 percent in 1995.

Fill-the-gap budgeting was eliminated by regulation in 2000. Instead, even greater work incentives were put into place by allowing clients who were under the 21-month time limit to keep all income up to the FPL, a much higher threshold and the most generous income disregard in the country. This policy remains in effect today. Once a client’s income exceeds the FPL (\$16,600 versus TFA cash payment of \$6,516 for a family of three), the family is no longer eligible for TFA. This is discovered when clients report earnings to their eligibility services worker or when a client’s eligibility is redetermined (at 12 months and then again at 20 months).

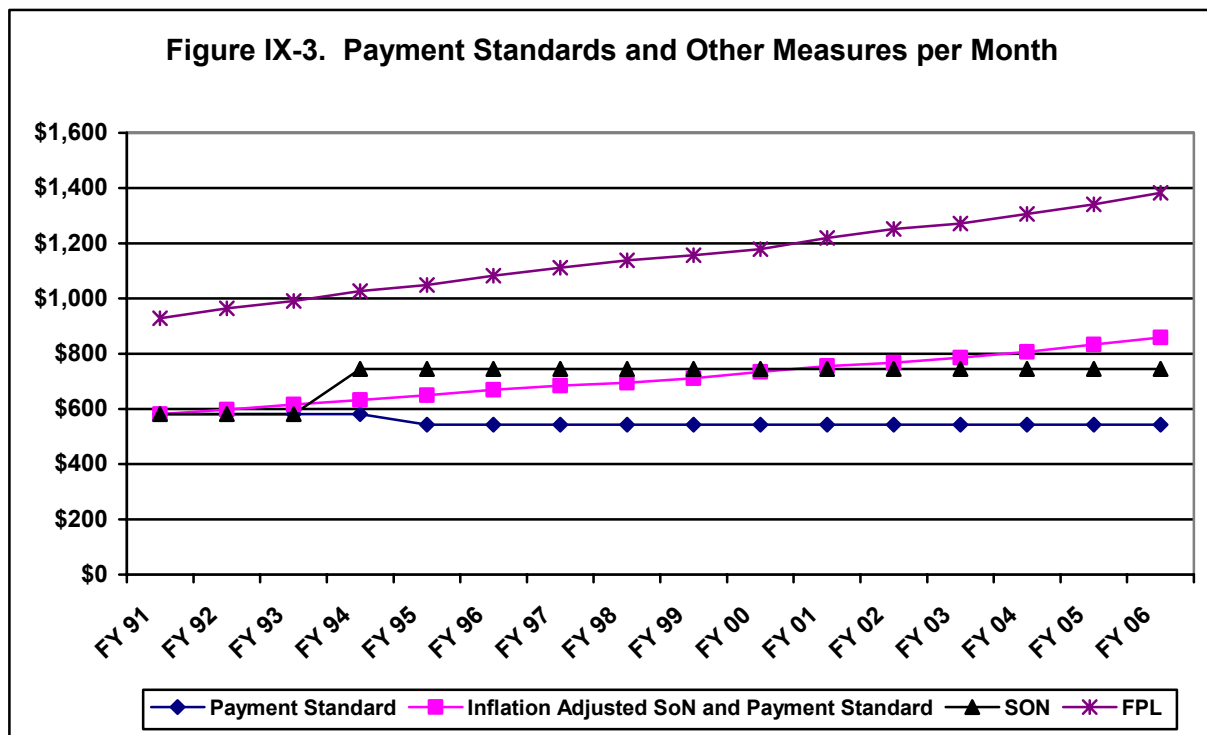
At the 20-month redetermination interview, a client can request and be granted a 6-month extension. In order to be eligible for an extension, however, client income cannot exceed the Payment Standard. The gap between the FPL and the Payment Standard is large. This policy creates a major cliff for more successful clients who at 22 months find their income greatly reduced once the 21-month time limits has been reached – even those who earn slightly more than the payment standard. This cliff is discussed in greater detail in Chapter Ten.

Effect of No Increases

Since the Payment Standard, has not been increased since 1991, recipients of TFA have seen the value of their cash benefits steadily erode over the last 15 years. The last time TFA cash payments were increased was in 1991; they were subsequently reduced in 1995 resulting in a benefit 5 percent lower for families that did not have a rental subsidy, and 13 percent lower for

those that did. Although P.A. 88-201 and P.A. 93-418 required annual increases to the payment standard (based on the CPI), subsequent legislation has eliminated these increases each year since FY 92.

Figure IX-3 illustrates the disparity between the state's actual TFA payment standard for a family of three in Region B. The figure compares the FPL since 1991 with the Payment Standard and SoN unadjusted and adjusted for inflation.



Based on this comparison, *the committee found:*

- *the inflation-adjusted Payment Standard and inflation-adjusted SoN track the same because they equaled each other in 1991;*
- *the gap between the level of cash assistance provided and the federal poverty level has increased -- in 1991, cash payments amounted to 63 percent of FPL and only 39 percent by 2006;*
- *if the Payment Standard had been adjusted for inflation each year since 1991, the average monthly benefit would be \$316 per month higher;*
- *when adjusted for inflation, the Payment Standard exceeds the current SoN; and*
- *even when not inflation adjusted, payments were higher in 1994 than they are in 2006.*

Given that the Payment Standard has not been increased in fifteen years, **the program review committee recommends:**

The Payment Standard shall be increased to the current Standard of Need. The new Payment Standard would be temporary while a more valid methodology for determining the Standard of Need is developed.

This increase is still less than the amount clients would have received if the Payment Standard had been inflated to the CPI. There is still a \$114 gap between the current SoN and the SoN adjusted for inflation since 1991.

As noted earlier, the FPL is not the most valid method for measuring poverty and subsequent need. The methodology used by the federal government for measuring the rate of poverty is antiquated and based on food consumption patterns in the 1950s that no longer reflect changing consumption patterns. In addition the FPL does not account for geographic variations in the cost of living and does not take into account other government benefits as income such as food stamps, Medicaid, subsidized housing, and childcare.

Given that the eligibility for TFA is based on a percentage of the FPL and the amount of cash assistance is linked to the SoN, the committee believes a sounder methodology should be used that determines the adequacy of the cash benefit under TFA. The committee believes that such standards should reflect the actual cost of living in Connecticut. **Therefore, the program review committee recommends:**

The Department of Social Services shall revise the methodology used to establish the Standard of Need for determining eligibility for cash assistance programs and establish payment thresholds consistent with those standards by January 1, 2008. Such standards shall be updated each fiscal year by the Consumer Price Index for urban consumers. The standards may vary by geographical areas and family size. Such standards shall be based on studies of actual living costs and generally recognized inflation indices and shall include reasonable allowances for childcare, shelter, fuel, food, transportation, clothing, household maintenance and operations, personal maintenance, and necessary incidentals. Separate standards may be established for families that reside in subsidized or public housing. Other public in-kind benefits shall be considered when establishing the standards.

Under AFDC, states were required to make cash assistance payments to all eligible families. Benefit levels were based on need standards established by each state that reflected the state's definition of the cost of meeting basic living needs for families of various sizes. However, states were not required to set AFDC payment levels equal to the full need standard. Under TANF, there is no federal requirement that states must set benefits as a proportion of family needs or that they offer cash assistance at all. However, all states still use these standards in determining eligibility for assistance and setting the payment thresholds.

Self-Sufficiency Measure for Connecticut

History. Public Act 98-169 requires the Office of Policy and Management (OPM) to develop an interagency self-sufficiency measurement standard. The standard to be developed was defined as "a calculation of the income an employed adult may need to meet family needs,

including, but not limited to, housing, food, day care, transportation and medical costs.” The measure has to account for geographical variations in costs and the age and number of children in the family. In addition, the value of any state or federal public assistance benefit received by a recipient of Jobs First must be calculated into a recipient’s self-sufficiency measurement.

The law also requires OPM to distribute the self-sufficiency measurement to all state agencies that counsel individuals who are seeking education, training or employment no later than Oct. 31, 1999 and any other entity that requests it. The agencies can use the measurement to assist and guide individuals who are seeking education, training or employment in establishing personal financial goals and estimating the amount of income such individuals may need to support their families.

The law prohibits the use of the measurement to:

- analyze the success or failure of any program;
- determine or establish eligibility or benefit levels for any state or federal public assistance program, including temporary family assistance, child care assistance, medical assistance, state administered general assistance, food stamps or eligibility for the HUSKY plan;
- determine whether a person subject to time-limited benefits under Jobs First qualifies for an extension of benefits; or
- supplement the amount of benefits award under the Jobs First program.

In 2002, the legislature adopted P.A. 02-54 which requires the standard to be updated by the Office of Workforce Competitiveness, in consultation with OPM, every three years (within existing budgetary resources). The office must distribute the updated standard to all state agencies that counsel individuals who are seeking education, training or employment and to any other entity that requests it.

In 2005, the Office of Workforce Competitiveness issued a report updating the Self-Sufficiency Standard for the first time since 1999. The standard was calculated for 70 different family types in 23 Connecticut regions (based on the five Workforce Investment Board geographic areas) and for nine stand-alone cities. There is no single statewide measure.

The Self-Sufficiency Standard measures how much income is needed for a family of a certain composition in a given geographic area to adequately meet their basic needs without public assistance. The report noted the differences between how components are used to calculate the FPL and the Self-Sufficiency Standard (shown in Table IX-4).

Key findings of the report include:

- child care costs account for between 30 percent to 39 percent of a family’s monthly budget;
- housing costs are between 16 percent to 27 percent; and
- health care expenses are a relatively small budget item (about 8 percent), if families have access to employer-sponsored health insurance.

Table IX-4. Methodologies to Calculate Measures	
<i>Federal Poverty Level</i>	<i>Self-Sufficiency Standard</i>
Based on cost of single item – food	Based on cost of each basic need and determined independently
Assumes two-parent family with a stay-at-home wife	Assumes that all adults work full-time, and therefore includes all major costs associated with employment
Does not distinguish between families with employed adults and those in which adults are unemployed	Takes into account that many costs differ not only by family size and composition (which FPL measure does), but also by the ages of children
Does not vary by geographic location	Incorporates regional and local variations in costs
	Includes the net effect of taxes and tax credits
Source: Report prepared by Dr. Diana Pearce for the Office of Workforce Competitiveness, The Self-Sufficiency Standard for Connecticut 2005.	

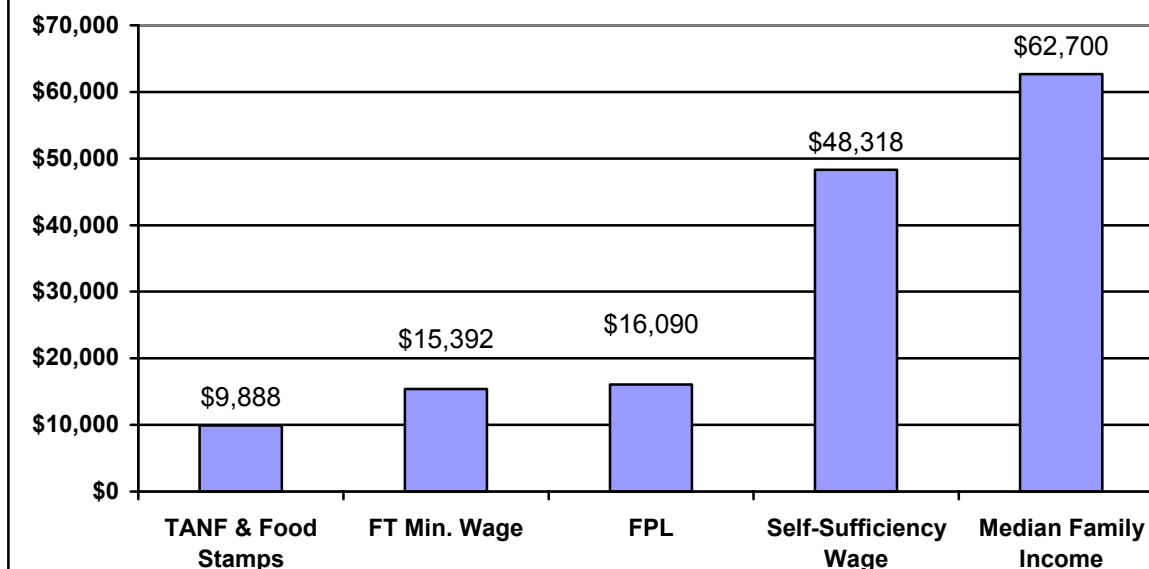
The 2005 report states that in every region in Connecticut, a single parent with one preschooler and one school age child needs to earn a minimum of two and one half times Connecticut's 2006 minimum hourly wage of \$7.40 in order to meet any of the regional Self-Sufficiency Standards, in the absence of any other public support. The report also noted that public and private work supports play a vital role, when used as short-term assistance, in narrowing the gap between actual income and self sufficiency. The report further notes that the provision of education and skill training and career ladders is an essential component of making people self sufficient.¹⁴

Figure IX-4 compares the self-sufficiency standard to other commonly used measures of income adequacy. The figure uses a family of three living in Waterbury compared to four other benchmarks. The figure shows:

- ***TANF and Food Stamps*** - assuming no wage or other income, the total basic “cash” assistance package is \$9,888 per year. This amount is 21 percent of the Self-Sufficiency Standard for a family of three in Waterbury and 62 percent of the FPL.
- ***Federal poverty level***, - a family consisting of one adult and two children would be considered “poor” with a monthly income of \$1,341 or less. The official poverty level for a three-person family in Waterbury is only one-third of the Self-Sufficiency Standard.
- ***Minimum Wage*** - a full-time worker at \$7.40 per hour earns \$15,629 per year. Subtracting payroll taxes and adding the Earned Income Tax Credit and Child Tax Credit this worker would have a net income of \$19,130 per year – this amount exceeds the FPL but provides only 40 percent of the amount needed to be self-sufficient.
- ***Median Family Income*** - a rough measure of the relative cost of living in an area. The Self-Sufficiency Standard is 77 percent of the median family income for Waterbury.

¹⁴ The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut.

Figure IX-4. The Self-Sufficiency Standard Compared to Other Benchmarks, 2005



Source: Diana Pearce, *The Real Cost of Living in 2005*
LPR&IC Corrected amount of \$15,392 for FT Min. Wage

Impact of adding child support and work supports. The impact of adding work supports for a family consisting of a single parent with one infant and one preschooler living in the various regions and cities of the state were modeled in the report. Using the city of Hartford as an example, Table IX-5 demonstrates how child care, and various other work supports (alone and in combination) could lower the wage needed for a single parent with an infant and preschooler to meet their basic needs. Costs that are reduced by work supports are noted in bold.

FPL and Connecticut's minimum wage. Connecticut's minimum wage is \$7.40 as of January 1, 2006, and increased to \$7.65 on January 1, 2007.¹⁵ It was the second highest minimum wage in the United States in 2006; Oregon was first with a minimum wage of \$7.50 per hour. The federal minimum wage is \$5.15.

Although Connecticut's minimum wage is among the highest in the nation, full-time minimum wage employment still does not bring a family above the FPL. A single parent working 40 hours per week, 52 weeks of the year, at minimum wage would earn \$15,392, which is below the federal poverty guideline for a family of three (\$16,090). Furthermore, the Office of Workforce Competitiveness's Self-Sufficiency Report (2005) shows that economic self-sufficiency requires a much higher annual income than the federal poverty level. For example, full time, year round, minimum wage employment provides less than half of what it really costs for a parent to support two children in Waterbury according to the report.

¹⁵ The minimum wage for service employees (defined in statute) and bartenders is lower.

Table IX-5. Impact of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage: 2005

Example of a Single Parent with One Infant and One Preschooler in Hartford, CT

<i>Monthly Costs</i>	#1	#2	<i>Work Supports Provided</i>				
			#3	#4	#5	#6	#7
<i>Monthly Costs</i>	<i>Self-Sufficiency</i>	<i>Child Support¹</i>	<i>Child Care²</i>	<i>Child Care, food Stamps, WIC & Medicaid³</i>	<i>Child Care, food Stamps, WIC & HUSKY B⁴</i>	<i>Housing, Child Care, food Stamps, WIC & HUSKY B⁵</i>	<i>Housing, Child Care, food Stamps, WIC & HUSKY B⁶</i>
Housing	\$709	\$709	\$709	\$709	\$709	\$709	\$709
Child Care	\$1,653	\$1,653	\$598	\$598	\$526	\$598	\$52
Food	\$459	\$459	\$459	\$418	\$418	\$261	\$67
Transportation	\$45	\$45	\$45	\$45	\$45	\$45	\$45
Health Care	\$282	\$282	\$282	\$0	\$122	\$0	\$0
Misc.	\$315	\$315	\$315	\$315	\$315	\$315	\$315
Taxes	\$816	\$721	\$408	\$294	\$335	\$195	\$110
EITC	\$0	****	****	****	****	****	****
Child Care Tax Credit	-\$100	-\$100	-\$130	-\$84	-\$106	-\$37	\$0
Child Tax Credit	-\$167	-\$167	-\$21	\$0	\$0	\$0	\$0
Child support		-\$184					
Self-Sufficiency Wage Needed							
Hourly	\$22.79	\$21.21	\$15.14	\$12.58	\$13.43	\$9.90	\$7.37
Monthly	\$4,011	\$3,732	\$2,664	\$2,213	\$2,363	\$1,743	\$1,297
Annual	\$48,137	\$44,788	\$31,967	\$26,652	\$28,356	\$20,911	\$15,568
Total EITC		\$0	\$525	\$1,663	\$1,285	\$2,853	\$3,978
Total CTC		\$0	\$1,742	\$2,000	\$2,000	\$1,524	\$723
¹ Child support - child support payment of \$184 per month is the average amount received by families who participation in the Child Support Enforcement Program in Connecticut. Child support is not taxable and reduces the amount families need to earn both directly and through lower taxes. (only \$50 disregarded – was this figured into calculation?) ² Child Care – first public work support added. Child care assistance requires co-pay of income (up to 10 percent), plus the difference between actual costs and maximum allowed amount (called the cap which varies depending upon the child’s age). ³ Child Care, Food Stamps, WIC, and Medicaid – not eligible for food stamps ⁴ Child Care, Food Stamps, WIC, and HUSKY B – After one year of transitional Medical Assistance, the parent whose income is over 150 percent of FPL loses Medicaid coverage. ⁵ Children in families with income up to 185 percent of FPL are eligible for HUSKY A. Parent is no longer eligible if income about 150 percent of FPL. Still ineligible for food stamps. Source: Diana Pearce. The Self-Sufficiency Standard for Connecticut 2005.							

Findings:

- *even when an individual is working 40 hours per week at a minimum wage job, he or she still earns under the FPL;*
- *a single parent with one preschooler and one school age child needs to earn a minimum of two and one half times Connecticut's 2006 minimum hourly wage of \$7.40 in order to meet the Self-Sufficiency income measure; and*
- *the FPL is so much lower than the Self-Sufficiency Standard that, even adding in-kind public supports, a family still would not be earning a self-sufficiency wage.*

Strategies to Achieve TANF Work Participation Rates

As noted in Chapter One, in order for states to receive full TANF block grant funding, federal law requires states to prove that a certain number of their welfare recipients are involved in work activities by meeting federally specified WPRs. Under PRWORA, Connecticut has met the WPR requirements every year since FFY 97 even though it has never met the 50 percent or 90 percent two-parent work requirement. This was accomplished in two ways:

- Federal law gave states caseload reduction credits based on total caseload decreases over a certain time period. Connecticut's credit has varied from 26 percent to 31 percent, effectively reducing the number of adults that must participate in work activities from 50 percent to between 24 percent and 19 percent depending on the year.
- Connecticut has increased its effective participation rate, or avoided sanctions, by funding a certain portion of its Jobs First caseload, including all two-parent families, with separate state program funds that satisfy state MOE requirements but removes these families from the WPR requirement.

New Requirements under the Deficit Reduction Act of 2005

The TANF block grant program was reauthorized by Congress and signed into law in February 2006 under the federal Deficit Reduction Act of 2005. The act significantly increases the number of adults that states must have meet the TANF work participation requirements and adds new verification requirements that states must adhere to in documenting the number of hours that adult members of these families are engaged in work activities. As a result, states will be facing considerable pressures over the next year to substantially increase the percent of welfare recipients engaged in work activities in order to meet federally mandated work participation rates. Failure to meet the higher WPR, or to follow the verification procedures, could result in significant fiscal penalties being imposed on states.

As noted previously, under DRA, the number of adults that states must have meet the TANF work participation requirements are significantly increased. As a result, states will be facing considerable pressures over the next year to substantially increase the percent of welfare recipients engaged in work activities in order to meet federally mandated WPRs. Failure to meet the higher WPR could result in significant fiscal penalties being imposed on states.

Impact of changes in Connecticut. The effect of recalibrating the caseload reduction credit base year from 1995 to 2005 and including welfare recipients not previously counted in the calculation will have serious consequences for almost all states including Connecticut since most will be required to significantly increase work participation rates. In Connecticut, based on estimates produced by Connecticut's labor department, 9,972 Jobs First recipients will be federally mandated to participate and almost 5,000 (50 percent) will need to meet the federal

participation requirements. Based on data from July 2006, the Department of Social Services estimates that about 2,181 Jobs First recipients were engaged in work activities that meet the 30-hour threshold needed to count toward inclusion in the WPR. Thus, Connecticut faces a very difficult undertaking, given that Connecticut will have to increase participation by 128 percent to meet the 50 percent mandate.

It is important to note, however, more than 2,181 clients most likely were participating in JFES, just not enough to be counted in the WPR. Those who would not count toward the July 2006 WPR include clients who are participating: in job search activities for more than four weeks prior to July 1; only in adult education; less than 30 hours per week; or resolving a barrier, such as child care. Furthermore, the number participating includes Jobs First recipients that Connecticut considered exempt from participating in the JFES program, including exempt due to medical issues.

The penalty for not meeting the participation requirements is up to 5 percent (\$13 million) of Connecticut's \$266.8 million TANF Block Grant the first year and would increase by 2 percent (\$5 million) per year for each subsequent year of noncompliance.

The new work mandates will require the commitment of additional resources not only to the JFES program, but also to the state's child care program, Care 4 Kids. Jobs First program changes will focus on how to quickly increase Connecticut's WPRs in order to avoid hefty federal monetary penalties and identify better strategies to engage more Jobs First recipients in work activities. Any debate will most likely include whether the Jobs First program, as it is currently structured, is adequate or should be modified to provide more support to clients facing significant barriers to employment and/or increase opportunities for working clients to achieve greater economic self-sufficiency.

Penalties. The reauthorization act includes penalties of up to 5 percent of a state's TANF block grant for failing to meet the new WPR. This increases by 2 percent for each year of noncompliance, up to 21 percent. The Department of Social Services has indicated to the TANF Council that HHS may waive penalties for a state's failure to meet the work participation rates if a state has reasonable cause. In addition, a state may receive relief from a penalty by achieving significant compliance under a corrective action plan.

In addition, noncompliant states must also increase MOE spending to at least 80 percent of its FY 1994 historic state expenditures in that fiscal year. If the state subsequently meets both one-parent and two-parent minimum work program participation rate requirements, the required spending level will return to 75 percent of its historic FY 94 state expenditures.

Calculation of WPR

The formula (shown in Figure X-1) to calculate the WPR was unchanged by DRA; what has changed are the Jobs First recipients who must be included in the calculation (i.e., previously excluded clients are now considered non-exempt). The rate is calculated by dividing the number of families receiving TANF-funded assistance who are engaged in work activities (numerator) by the total number of non-exempt families receiving TANF assistance (denominator).

Every state must collect monthly and file quarterly information required by the TANF Data Report. The TANF Data Report has four sections, two with data on individual recipients (disaggregated data) and two with grouped, aggregated data. States have the option of reporting on their entire welfare population or a sample to calculate the WPR -- Connecticut uses the sample option.

Figure X-1. WPR Formula

$$\text{Work Participation Rate} = A/B \times 100$$

A (the numerator) = number of families in which an adult or minor head of household worked the required minimum number of hours in countable work activities

B (the denominator) = all non-exempt adult or minor heads-of-households receiving TANF

Number of hours required. Table X-1 shows the minimum number of hours in which Jobs First non-exempt recipients must participate in order to be counted as engaged in work activities and included in the numerator of the WPR calculation.

Table X-1. Hours Required by Type of Recipient in Order to Count Toward WPR in FFY 07	
Type of Recipient	Required No. of Hours on Avg. per Week
Two parents	35
Single parent	30
Single parent with child under 6 years old	20
Single parent under 20 years old	Satisfactory school attendance or equivalent
Source: GAO-05-821 Welfare Reform, p. 27.	

As Table X-2 shows, under PRWORA, almost all Jobs First recipients in Connecticut that were exempt from the work requirements were also excluded from the WPR calculation because their benefits are paid under separate state program (SSP) funds. PRWORA does not require SSP recipients be included in the WPR calculation. However, there is a significant change under DRA -- almost all exempt cases (except “child-only” cases, and women with a child under age one) will be included in the denominator for the WPR calculation beginning October 1, 2006.

Caseload reduction credit. Under PRWORA, the work participation rates that states were required to meet beginning in 1997 have been offset by state caseload reduction credits based on caseload decreases since 1995. The credit allows states to reduce the required WPR based on the percentage decline in welfare cash assistance caseloads between federal fiscal year 1995 and the fiscal year most recently completed, as long as the decreases were not based on program eligibility changes. Thus, because of these credits, the actual WPR that states were required to meet was much lower than the current 50 percent required by federal law. The caseload reduction credit will continue, but it will now be based on caseload decreases since 2005, essentially eliminating the credits that most states have depended on to meet the WPR requirement.

Table X-2. Comparison of Recipients that Can be Excluded in WPR under Federal Law	
PRWORA (until 9/30/06)	<p>All recipients funded through Separate State Programs (SSP) excluded from WPR calculation (denominator)</p> <p><i>Excluded recipients from WPR are:</i></p> <ul style="list-style-type: none"> – Two-parent families; – Incapacitated adults; – Those caring for an incapacitated household member; – Elderly (age 60 or older); and – Unemployable (at 21-month time limit have had no or very limited employment for five or more years, is age 40 or older and has less than a 6th grade education).
DRA (as of 10/1/06)	<p><i>Excluded recipients from the WPR are:</i></p> <ul style="list-style-type: none"> – Non-parents receiving assistance only for the children (e.g., non-needy grandparents, aunts, uncles, etc.); – SSI parents, although CT has the option of including such parents if they are working and meeting the WPR; – Ineligible alien parents (undocumented non-citizens); – Parents caring for a disabled family member on a full-time basis; and – Single custodial parents of a child under age one for a maximum of 12 months. <p><i>No Longer Excluded (but still exempt from work under state law) are:</i></p> <ul style="list-style-type: none"> – Incapacitated recipients who do not receive SSI; – Age 60 or older; – Pregnant and unable to work due to pregnancy-related condition or postpartum for six weeks (or longer if medically documented); and – Determined to be “unemployable” after 21 months of assistance.
Source: LPR&IC Analysis.	

An example of how the caseload reduction credit works in Connecticut is shown in Figure X-2. Connecticut’s total caseload declined from 60,985 in FFY 1995 to 42,799 in FFY 03. The caseload reduction credit for FFY 04 would be the percentage caseload decrease between FFY 95 and FFY 03 (29.8 percent). The credit amount would then be subtracted from the federally required work participation rate of 50 percent to yield an effective work participation rate. Thus, the effective work participation rate for the state would be 20.2 percent for FFY 04 (50 percent minus 29.8 percent).

According to the Congressional Research Service, under DRA, 47 states fall short of meeting a 50 percent work participation rate, and 16 of those states (including Connecticut) having FFY 04 rates below 25 percent. (For the effect of these new requirements on other states see Appendix FF).

Increasing Connecticut’s Work Participation Rate

All states are discussing various policy options that will increase WPRs among their welfare clients. The options for Connecticut can be grouped into five categories:

Figure X-2. Caseload Reduction Credit in FFY 04 for Connecticut

FFY 95 TFA caseload = 60,985

FFY 03 TFA caseload = 42,799

FFY 95 – FFY 03 caseload = 18,186 (29.8% decrease)

Required Work Participation Rate = 50%

Caseload Reduction Credit = 29.8%

Effective FFY 04 WPR = 50% - 29.8% = 20.2% of non-exempt caseload must be engaged in work activities.

- provide non-TANF funded state assistance programs for those individuals least likely to participate in work activities using Separate State Funds (SSF), which would not count towards a state's MOE requirement (remove from WPR equation);
- eliminate financial cliffs for working parents and allow them to remain on welfare longer (increase numerator);
- monitor families that change from exempt to time-limited so they do not fall through the cracks (increase numerator);
- monitor work or lack of work participation in the JFES program diligently and cut off cash assistance promptly (remove from WPR equation); and
- provide more intensive case management services to clients who have the most barriers and/or are the most difficult to serve (increase numerator).

Implementing strategies based on four of the five options will require additional state financial and staffing resources.

The committee finds that the changes in the DRA have increased the pressure on states to enroll clients in countable activities in order to meet WPRs. As a result, the state JFES program, as currently structured, will most likely fail to meet the WPR without program changes and thus the state faces potential penalties (a \$13 million reduction in the TANF block grant received the first year and steeper reductions in subsequent years).

Removing certain TFA client groups from WPR. As noted in Chapter One, states fund their welfare programs with a combination of federal and state funds from two primary sources – the annual federal TANF block grant and state maintenance of effort (MOE) dollars to meet federal MOE standards. States must use all federal TANF and state MOE funds to meet at least one of the four purposes articulated in the law, or to continue providing services and benefits that they were authorized to provide under their former Title IV-A or Title IV-F state plans (which covered AFDC, Emergency Assistance, and JOBS).

Until October 2006, the Department of Social Services removed two-parent families and certain other groups from the WPR calculation and funded them under Separate State Programs, because it was determined that these groups would not meet the requirements (the two-parent group has always been required to have a 90 percent WPR compared to a 50 percent WPR for all families). Under previous law, cash assistance provided to these groups could be counted toward a state's maintenance of effort requirement. Under DRA, however, if a state wishes to exclude certain groups not federally exempt from the calculation, these clients must be funded under Separate State Funds (SSFs)-- purely outside of the TANF program, and these funds cannot be counted toward a state's MOE requirement.

A client group that the committee believes unlikely to meet the 90 percent WPR and therefore should be funded by SSFs are two-parent families. If this group does not meet the 90 percent WPR, it will actually decrease the rate the state is meeting since they would be in the denominator of the calculation. To achieve a 90 percent rate over the next year is unrealistic. Two-parent families are not automatically exempt from the JFES program and are time-limited, unless meeting criteria that allows for exemption. Therefore, these parents would still be required to participate in JFES activities; they just would be funded differently. The state would need to amend statutory language to allow the department to operate portions of the TFA program outside of the TANF program. **The program review committee recommends:**

Two-parent families enrolled in the Jobs First program should be funded with Separate State Funds.

Amend Section 17b-112(a) to allow portions of the Temporary Family Assistance program to operate outside the Temporary Assistance for Needy Families program.

Exempt status for women with children under age one. Both federal and state law allows a single custodial parent of a child under age one to be exempt from the work participation rates for a maximum of 12 months. State law does not allow the exemption if the child was born within 10 months of the family's enrollment (i.e., a cap child). The committee believes that a one-year exemption from participation in JFES activities is detrimental to a family because it does not prepare a single parent in any way for work and once the child turns one year old, the client's exempt status ends and becomes time-limited. By requiring a parent to participate in education and/or other work activities on a part-time basis when a child is six-months old eases the parent back into the workforce. (Single parents with children under age six are required to work 20 hours per week to count towards the WPR.) Furthermore, as discussed in Chapter Seven, education is key to a successful employment outcome. Finally, as also described in Chapter Seven, many of these women (approximately 40 percent) are already working despite their exempt status, with almost one in ten was earning above the federal poverty level. **Therefore, the program review committee recommends:**

C.G.S. Sec. 17b-112(b)(4) be amended to limit the exemption for a single custodial parent caring for a child who is under six months of age rather than one year old.

Eliminating financial cliffs. As noted previously, Jobs First clients can earn up to the FPL during their 21-months on TFA and not have their TFA benefit eliminated. This policy rewards working clients and creates a major incentive for clients to find and sustain employment. Once a client's income exceeds the FPL (\$16,600 for a family of three versus TFA cash payment of \$6,516), the family is no longer eligible for TFA. This policy creates a major cliff for more successful clients who find their income greatly reduced.

The program review committee believes that TFA payments should be reduced over a six-month period to allow the client to adjust to the benefit reduction. This gradual reduction may also impact the high percentage of families cycling on and off of TFA as described in Chapter Seven. Therefore, the committee recommends:

C.G.S. Sec. 17b-112(d) shall be amended so that a TFA client who earns at or above the FPL during the initial 21-months of TFA eligibility shall have his or her TFA benefit reduced by one-third for three months and an additional one-third for the next three months before becoming ineligible for TFA.

C.G.S. Sec. 17b-112(c) be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.

If the benefits were provided as either a "Segregated TANF MOE" or "Separate State Program" (claimed as MOE), the federal 60-month TANF counter does not increment. The state 60-month counter is a creation of state law and the General Assembly could amend the statute to not count these benefits toward the state limit.

Eligibility for TFA extensions. Time limits are the most fundamental change embodied in welfare reform. Connecticut's lifetime limit of 21 months of TFA for non-exempt families is the shortest in the nation. No other New England state has a lifetime limit under the federal limit of 60 months although Massachusetts does limit its nonexempt recipients to 24 months out of a 60 month period, and 11 other states have similar policies that allow for the full 60 months of lifetime eligibility while allowing for shorter periods within a specific time frame.

Connecticut uses two separate monetary thresholds to determine eligibility for TFA benefits. One is used to determine initial eligibility for benefits while a separate measure is applied for granting non-exempt clients extensions after they have reached the 21-month time limit. As shown in Table X-3, to be initially eligible for TFA, income must be below the SoN (as well as meet asset limits and cooperate with child support enforcement). Once eligibility is established, earned income up to the FPL is disregarded and eligibility continues until a re-determination is conducted at 12 months and at 20 months.

A client must apply for a TFA extension during the exit interview, which is held in the DSS office during the 20th month of TFA and, should an extension be granted, occur again at the 5th month of each additional extension and at the 58th month. Extensions may be granted up to the 60-month federal lifetime limit, although more than two extensions are rare. There were 1,438 clients in their first or second extension as of June 30, 2006 and an additional 138 had three or more extensions.

Table X-4 shows that TFA recipients would need more than 6 extensions to time-out under the federal 60-month time limit. The number of clients eligible for more than two extensions is small because they must meet stricter criteria: having two or more substantiated barriers to employment; working full-time and not earning at least the Payment Standard; or not being able to work full-time because of a medical impairment or because of care-giving responsibilities for a disabled household member.

Table X-3. Measures used in Determining Eligibility for TFA and Calculating Payment Level for Family of Three in Region B

<i>TFA Eligibility</i>	<i>How Used</i>	<i>Monthly Amount</i>
Initial Eligibility	If income is at or above SoN, application denied	\$745
Up to 21 months	Income disregarded up to the FPL	\$1,383
Extension	Ineligible if income exceeds Payment Standard	\$543

Table X-4. Connecticut 21-Month Time Limit v. Federal 60-Month Limit

<i>Time limit</i>	<i>21 months</i>
1 extension	27 months
2 extensions	33 months
3 extensions	39 months
4 extensions	45 months
5 extensions	51 months
6 extensions	58 months

In order for a first or second extension to be granted to a client, he or she cannot have gross earnings over the Payment Standard. Thus, clients with earnings above the Payment Standard face a substantial financial cliff at the 21-month time limit because up to this point DSS has disregarded all of a client's earnings up to the FPL. At the 20-month redetermination meeting, however, the client's income is compared to the very low Payment Standard to determine if the client should receive an extension. This creates a fairly large disincentive for a client to stay employed.

For example, if a family of three in Hartford receives \$543 per month as a TFA benefit and the mother works 30 hours per week at minimum wage, her weekly pay check is \$222 and her annual income is \$11,554. Because the income earned is below the FPL, she is able to keep her TFA benefit of \$6,516 until her eligibility is redetermined at 20 months. Her total cash income during this time is \$18,070. At the 20-month eligibility redetermination, her \$11,554 income from her job is compared to the Payment Standard of \$6,516 and she loses eligibility for TFA, about one-third of her yearly cash income. Now she is \$5,046 below the FPL of \$16,600.

The committee finds having differing monetary thresholds for initial and continued eligible for TFA creates a disincentive to work and financial hardship. First, Connecticut has the shortest time-limits in the country, although it has the highest earned income disregard in New England and among the highest in the nation. Second, allowing families to earn up to the FPL during their 21-month eligibility period and only up to the Payment Standard after, results in

many families automatically becoming worse off (unless their income is at or above the FPL) and still very poor. Third, the gap between the Payment Standard and the FPL is substantial, especially given that the Payment Standard has not been increased since 1991, even after inflation. Finally, rather than moving a family closer to financial security, it moves the family deeper into poverty by creating a major financial cliff between months 21 and 22.

The program review committee believes that the TFA benefit needs to be gradually phased-out rather than completely terminated when a family reaches its 21-month time limit and the monthly income exceeds the Payment Standard. This would allow the family to gradually reduce its reliance on cash assistance and, hopefully, time to increase the hourly wages in the private sector. Furthermore, phasing out the TFA benefit avoids abrupt cliffs so that by the time the family does lose eligibility for the benefit, the loss would be smaller. Furthermore, by keeping successful working families on TFA longer, even at a reduced benefit level, will help the state increase its WPR. Finally, as noted earlier, this gradual reduction may also impact the high percentage of families cycling on and off of TFA as described in Chapter Seven. **Therefore, the committee recommends:**

The Department of Social Services shall determine if a client should be granted an extension of Temporary Family Assistance using the Standard of Need as the financial measure. If a client is eligible for a second or subsequent extension and does not earn at or above the Standard of Need, the client shall receive the full TFA benefit.

If a non-exempt family's gross income is below the Federal Poverty Level at the 21-month time limit but above the Standard of Need, the family shall be eligible for two income supplements for three-months each. The income supplements shall be a continuation of TFA but at reduced levels. The first supplement shall result in a benefit reduction of one-third of the benefit. If a family receives a second income supplement because income is still below the Federal Poverty Level, the benefit shall be reduced by an additional third.

C.G.S. Sec. 17b-112(c) be amended so that the state's maximum 60-month time limit shall be suspended so these benefits do not count toward the state time limit.

Almost all states have increased rewards for recipients who work, effectively raising the amount of earnings a recipient may keep before she becomes ineligible for cash assistance. More generous earnings disregards also have been seen as part of strategies to help "make work pay," as continued cash welfare benefits supplement the earnings of low-wage earners. From the state's perspective, the more generous earnings disregards also have a practical consequence: they help states meet TANF work participation standards and reduce disincentives to work.

Increase child support disregard. Under the pre-DRA child support rules (which will be in effect until 2008 and 2009), families that apply for assistance in a TANF-funded program must sign child support rights over to the state for child support that is due during the assistance period and to collect past-due child support previously owed to the family. State and federal governments keep collected support as reimbursement for the cost of providing TANF cash

assistance to families. Even after families stop receiving assistance, states keep the child support that is collected through the federal income tax offset procedure.

Federal and state governments have withheld about \$2 billion per year in child support to repay TANF cash assistance costs with over half of it kept by states on behalf of families who no longer receive TANF cash assistance. Nearly all of this is collected through the federal tax offset procedure.¹⁶

The DRA made three important changes intended to increase the amount of child support paid to current and former TANF families. These include:

- ***New limitation on assignment*** - States may no longer require families to sign over their rights to past-due child support payments that are accrued before they applied for TANF assistance. States must implement this change by October 1, 2009, but can implement it a year earlier.
- ***Waiver of the federal share of child support if the support is passed through and disregarded*** – under the pre-DRA rules, states have the option to pass through support to families receiving cash assistance in a TANF-funded program. They also may set their own TANF disregard policies – they can disregard the entire amount, a portion of it, or count all of the money against TANF eligibility, benefit levels, or both. However, states that adopt pass-through and disregard policies must continue to send the federal government its share of the collections.

Under the new law, if a state passes through and disregards some or all child support payments, the federal government will waive its share of collections up to \$100 per month passed through for one child and \$200 per month for two or more children. This provision is effective October 1, 2008.

Connecticut currently has an income disregard for child support of \$50. The retained support is shared with the federal government according to the state's Medicaid federal matching rate (50 percent in Connecticut).

- ***A new option to distribute more support to former TANF families*** - Under the pre-DRA rules, states are required to keep child support collected on behalf of former TANF recipients through the federal tax offset procedure. Under the DRA, states are permitted to direct all child support collected through this procedure to those families first. If a state elects this option, the federal government would waive its share of those collections, with no limits. This provision is effective October 1, 2007.

¹⁶ Center for Law and Social Policy. Policy Brief: More Child Support to Kids: Using New State Flexibility in Child Support Pass-Through and Distribution Rules to Benefit Government and Families, July 2006.

States have greater flexibility under DRA to pass through more child support dollars to children who currently receive or formerly received welfare. Child support is an important income supplement for working families and research has shown that changes to pass-through and distribution policies can improve child support compliance. Furthermore, by disregarding more income, the level of earnings that a family needs to become ineligible for assistance increases, which lead to a higher WPR. **The program review committee recommends:**

Amend C.G.S. Sec. 17b-112(d)(3)(c) to increase the child support income disregard for the TFA program from \$50 to \$100.

Engage families in work activities more quickly. *The program review committee staff found that work participation is typically low during the initial months of JFES enrollment and during periods between JFES work activities.* Since these clients are in the denominator of the WPR, it is important to link them to job activities as quickly as possible. In order to accomplish this, clients must be connected to other supportive services, such as transportation assistance and the Care 4 Kids program, so that they can engage in activities and enter the workforce.

As noted in Chapter Nine, the single most important working support for low-income families is child care. In discussions with advocates and representatives of the Care 4 Kids program, the committee found that some JFES case managers assist clients with completing Care 4 Kids application, while others do not. Obtaining child care is a key element in being able to begin work. The committee believes this should be standardized practice across regions in order to expedite enrollment in the Care 4 Kids program. **Therefore, the committee recommends:**

Jobs First Employment Services case managers should review a client's Care 4 Kids applications before the client submits it to the Care 4 Kids program in order to ensure it has been completed correctly and the proper documentation has been included with the application.

Fully engaging families already involved in work activities. An examination of the state's work participation data shows that many JFES recipients are engaged in work activities but not for the required number of hours to count toward the work participation rate. Because these recipients already have demonstrated success in participating in work and may also have child care in place, the state should focus on bringing participation up to 30 hours per week for single parents and 35 hours for two-parent families. Additionally, states have more activities to choose from after 20 hours of participation, including education and job-skills directly related to employment.

Using sanctions to reduce noncompliance. The TFA program currently uses an incremental approach to imposing sanctions for non-compliance with JFES program requirements. The first incidence of non-compliance within the first 21 months of assistance results in a 25 percent reduction in benefits, the second results in a 35 percent reduction, and the third or subsequent incidence results in discontinuance of all benefits. All sanctions are imposed for a three-month period. Sanctions imposed after the 21-month time limit has expired result in permanent removal from the program.

Sanctions send a strong message to TANF recipients and establish real consequences for parents who do not comply with program requirements. Sanctioning clients has the potential to increase program participation. As described in Chapter Five, *although Connecticut does have a strict sanction policy established in law, the program review committee found it is not being applied uniformly. Sanction rates vary by office and the overall rate is low compared to other states.* If sanctions are in policy only, but not being applied or uniformly enforced, this lowers the intended effect. **Therefore, the program review committee recommends:**

The Department of Social Services should examine its sanction policy to identify issues with regard to inconsistent and/or low enforcement.

The sanction process includes a conciliation process prior to the imposition of a sanction during which the JFES participant has the opportunity to document that he or she had good cause for failing to cooperate. The current process allows for this process to last up to 30 days during which time the participant is typically not participating in activities. This period of conciliation should be shortened to reduce the amount of time the participant is not engaged in activities. This requires a regulatory change although it could be mandated in statute.

Summary

Several policy decisions will need to be made in the upcoming legislative session to address the new requirements of DRA. Clearly the thrust of any legislation will be on how to increase Connecticut's WPR and get more TFA recipients engaged in work activities. Further, the additional workload for JFES case managers in terms of verifying that clients are actually engaged in scheduled activities will increase the administrative burden since more intensive client interaction may be necessary. This issue is discussed in the next chapter.

Chapter Eleven

Verification and Monitoring

Verification of JFES Client Participation in Scheduled Activities

The Deficit Reduction Act of 2005 and related interim regulations require states to develop a process that will track and validate JFES client participation in “countable” work activities. Comments were accepted by HHS on the interim regulations until August 28, 2006. In her comments to HHS, the deputy commissioner of DSS wrote:

*these rules will require a significant investment of program resources in activities and systems to measure the number of actual hours of participation... Your requirements will hinder state efforts to move TANF recipients into employment by diverting scarce agency and provider resources to bureaucratic paperwork activities in order to document hours of participation consistent with the requirement... Staff and financial resources diverted for this purpose will not be available for program activities that help move those we serve towards self-sufficiency...*¹⁷

The deputy commissioner, in her response, also noted the unreasonableness of the 90 percent two-parent work participation rate, as discussed in Chapter Ten, and supported its repeal.

Penalties. Regulations promulgated under DRA include additional penalties for non-compliant states: a work verification penalty for failure to submit a work verification plan by September 29, 2006; and a penalty for failure to maintain adequate procedures to ensure a consistent measurement of the work participation rate. Connecticut submitted its interim plan on September 28, 2006 and it became effective October 1, 2006. A complete plan must be approved by HHS by September 30, 2007. Failure to maintain adequate internal controls to ensure a consistent measurement of work participation will result in successively larger penalties, ranging from 1 percent of a state’s TANF block grant for the first year, up to 5 percent by the fifth year.

Plan content. The plan format was prescribed by HHS and consists of several sections. The contents focus on making states give detailed definitions of each work activity and explanations on how they will ensure clients are actually participating in scheduled activities for the required number of hours. States were required to address the following items in their Work Verification Plans:

- For each of the 12 “countable work” activities:
 - definition and description of services;

¹⁷ Letter from Deputy Commissioner Claudette J. Beaulieu to The Honorable Wade F. Horn, Ph.D., Assistant Secretary for Children and Families, DHHS re: Comments on interim final TANF rule. August 25, 2006.

- description of how the number of “countable” hours are determined;
- description of how actual hours of participation are verified;
- description of methods of daily supervision for each unpaid work activity;
- for most of the 12 activities, special documentation was also required. (For example, for vocational education activities, DSS had to describe how the state will ensure participation in vocational skills training does not count beyond the 12-month lifetime per individual limitations);
- definition of excused absences (only 2 days per month allowed – any part of day counted as 1 full day; 10 per year for those in activities other than paid employment) -- and holidays and how applied to each activity;
- definition of “Work-Eligible Individual”;
- description of internal controls; and
- description of verification of other data uses in calculating the work participation rates.

Types of activities that count toward WPR calculation. As described in Chapter One, federal law outlines 12 categories of work activities that count in calculating a state’s WPR (see Table I-8 in Chapter One). These are further subdivided into two types -- core and non-core activities. As the table shows, two of the core activities are limited for WPR purposes while those in the non-core category all have time restrictions imposed. Hours spent in non-core activities do not count toward the WPR unless 20 hours are also spent in other countable core activities, or the client is under 20 years old.

It is important to note that Job Search and Job Readiness is the only activity that allows job search, substance abuse treatment, mental health, and rehabilitative services to be counted. In addition, as the table indicates, participation in this activity is limited to a 6-week annual time limit and no more than 4 consecutive weeks. Furthermore, the regulations state that a week is a period of seven consecutive days, and that even if a client only participates in the activity for one hour, it is counted as a full week. Finally, participation in this activity requires daily supervision of the client.

Currently very few clients are identified with mental health or substance abuse as barriers to employment. Based on the client sample described in Chapters Five to Seven, only 1 percent of clients were identified with these barriers, even though in the general population that rate is much higher. Therefore, the program review committee concludes that these barriers are not being identified and addressed.

Federal monitoring with plan compliance. The federal government will monitor implementation of states’ compliance with their verification plans through the Single State Audit. Auditors will sample case files to see if a work verification plan was followed, including

if a client file contains required documentation. If errors are identified, HHS will be notified to determine whether or not penalties should be imposed.

Improving data collection. Although many of the work verification requirements seem excessively rigorous, one positive outcome will be improving data collection procedures and program monitoring. Accurate data collection is very important since undercounting the number of recipients enrolled in work activities could have serious monetary consequences for Connecticut. Furthermore, a review of participation data also will allow DOL to identify successful and unsuccessful programs (such as activities with high drop-out rates). Although greater accuracy in reporting hours of work is desirable, it likely will increase state administrative and information systems costs and will impose an additional time and financial burden on employers, training providers, and caseworkers.

Eligibility and Staffing

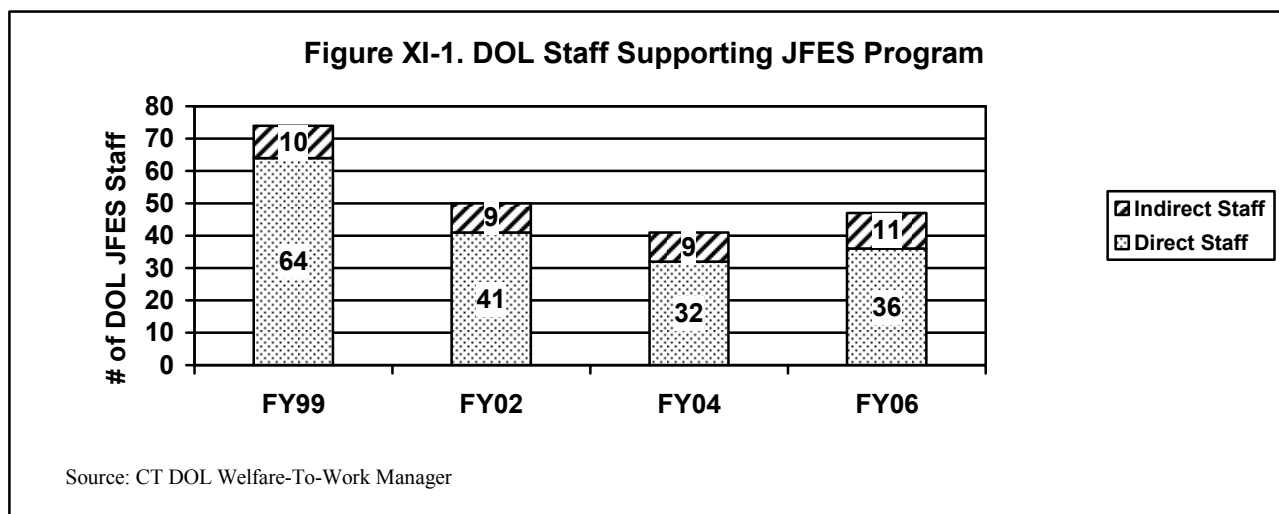
The assignment of DSS eligibility services specialists, DOL staff for JFES, JFES case management and implications for caseload given the new DRA requirements are detailed in this section.

DSS eligibility services specialists. The DSS offices vary in the way they assign applicants and clients to DSS Eligibility Services Specialists. In the New Haven office, for example, some eligibility workers are dedicated to time-limited clients and others to exempt clients. In the Manchester office, some eligibility workers only process intakes and have no ongoing caseloads; other eligibility workers are assigned clients alphabetically by EMS; and one eligibility worker handles “child only” cases. Thus, it is difficult to determine caseloads and compare them across offices over time. However, Table XI-1 shows regional TFA caseloads as of January 2006.

Table XI-1. Regional TFA Caseload Comparisons (as of January 2006)					
Region	Total AUs	TFA AUs	% of Total Cases	Eligibility Specialists	Average Caseload
Western	85,687	5,928	6.9%	32	185.25
Northern	94,445	7,987	8.5%	44	181.52
Southern	82,752	6,785	8.2%	33	205.61
Statewide		20,700		109	189.91
Source: DSS					

DOL staffing for JFES. DOL employees work directly and indirectly to support JFES. Direct service DOL staff provide job search assistance to the JFES clients. Beginning in FY 07, the job search workshop, “Pathways to a New Beginning” became used statewide. This workshop curriculum is reported by DOL management to be up-to-date with a standardized training manual. It includes such training modules as: self awareness and skills assessment; resources to find a job; and applying for a job. In addition to this workshop, DOL staff also provides such services as resume development, identifying jobs leads, and assistance in completing job applications.

DOL employees who work indirectly to support JFES operate out of the central office and provide performance measurement, the automated management information system, and business management. Figure XI-1 shows the number of DOL staff supporting the JFES program was reduced by 33 staff between FY 1999 to FY 2004. While staff increased 15 percent between FY 04 and FY 06, the overall number of staff is 36 percent less than in 1999.



JFES case management. As described in Chapter One, services are provided to JFES clients at One-Stop Centers. Rather than allowing Regional Workforce Investment Boards to operate One-Stop Centers, the Federal Workforce Investment Act (WIA) of 2000 changed their role to one of coordinator of services, planner, and assessor; they are prohibited from operating programs or One-Stop Centers. Each of the five WIBs contracts for the delivery of JFES case management services (e.g., Human Resources Agency), and the 14 One-Stops tailor the delivery of services to the needs of their clients within available resources. The Hartford WIB, for example, has integrated the case management of clients registered in the JFES and WIA programs, but assigned them to workers based on the age of the client (18-24 years old, 25+ years old). Until their integration in 2004, the New Haven WIB had two sets of case managers: one for WIA clients; and another for JFES clients. Waterbury, on the other hand, maintains separate case managers for JFES and WIA participants.

In addition to the assessment and employment plans, the core functions of the JFES case manager also include arranging for client services and monitoring and documenting each participant's progress. Under DRA, case managers will need to contact JFES clients more frequently depending on the type of work activity the client is participating in (by contract, client contact had to occur every other month). The contact may occur by telephone or in a face-to-face meeting.

While the number of JFES time-limited cases has continued to decrease over the past five years, Figure XI-2 shows that the number of JFES full-time equivalent case managers decreased at a relatively greater rate, leading to significantly larger size caseloads. According to DOL contracts with each of the WIBs, JFES case manager-required contact used to be monthly, but

after the staff cutbacks in 2004, the minimum required contact became every other month. One WIB estimated that there is steady turnover in caseloads, with 10 percent of cases in any given month opening, and 10 percent closing. A time-limited client is assigned to a JFES case manager for as long as the client is receiving TFA cash assistance.

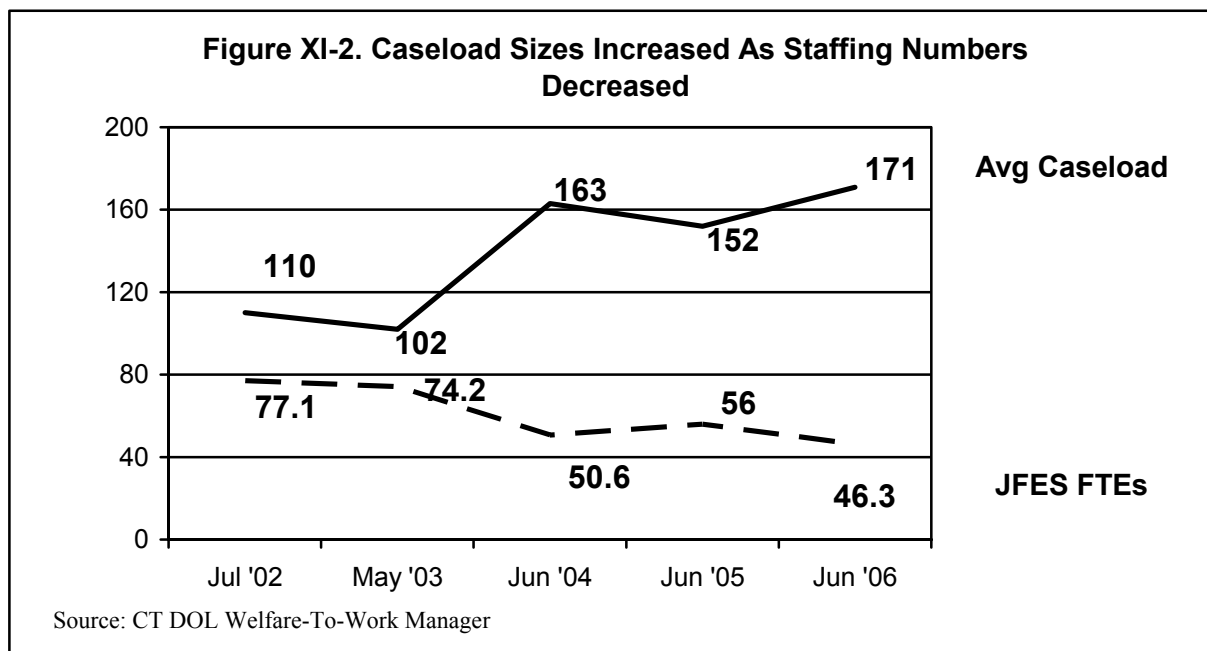


Table XI-2 shows the variation in the average JFES caseload in June 2006 for each of the WIB regions. The specific terms of the DOL contracts with the WIBs for FY 06 required caseloads of 150-175 JFES clients per each full-time equivalent case manager and all but one region was within this range. DOL may approve a lower caseload for an individual case manager if the WIB can demonstrate that special case circumstances apply such as caseloads with many clients of limited English proficiency.

Table XI-2. Caseload for Each Regional Workforce Investment Board in June 2006				
Regional Workforce Investment Board	Number of JFES Cases ¹	Percent of CT Caseload	Number of JFES FTE's ²	Average JFES Caseload
North Central	2990	37.7%	15.8	189
South Central	1665	21.0%	9.8	170
Northwest	1233	15.5%	8	154
Southwest	1196	15.1%	7.5	159
Eastern	850	10.7%	5.2	163
Statewide	7934	100%	46.3	171

¹ Source: DOL At-A-Squint Report for June 2006
² Source: DOL Welfare-To-Work Program Manager

The program review committee finds that JFES case manager to client ratios are too high given the fact that the case managers will be responsible for doubling the number of JFES clients

engaged in countable work activities, as well as having the additional administrative burden of verifying client participation in those activities.

Frequency of client supervision. Many changes began October 1, 2006, when DRA took effect. Table XI-3 shows that the required frequency of case manager contact depends on the types of work activity overseen. The law distinguishes between clients who are in paid employment (unsubsidized or subsidized) or those that are not employed. As shown in the table, activities that involve “employment” require a lower level of supervision than those that are geared toward preparing people for a job. Job search/job readiness activities, for example, will require daily contact with a case manager. Given this closer monitoring of activities, there are major implications for caseload sizes.

Beginning October 1, 2006 when DRA is implemented, Table XI-3 shows the required frequency of case manager contact, depending on work activity. Job search/job readiness activities, for example, will require daily contact with the case manager. Given this closer monitoring of activities, there are serious implications for caseload sizes. In a March 27, 2006, memo to the Secretary of OPM, the Commissioners of Labor and Social Services recommended lowering the average caseload size to 100 based in part on the new verification requirements.

Table XI-3. New DRA Required Frequency of Verification of Specific Work Activities	
Core Activities	Verification Frequency
Unsubsidized employment	Projected up to six months (based on actual hours)
Subsidized employment	Projected up to six months (based on actual hours)
Work experience	Every two weeks
On The Job Training	Projected up to six months (based on actual hours)
Job search/job readiness	Daily
Community Service	Every two weeks
Vocational education	Every two weeks
Child care for community service	Every two weeks
Non-Core Activities	
Job Skills Training	Every two weeks
Education related to employment	Every two weeks
Secondary school attendance	Every two weeks
Source: Federal Register of June 29, 2006	

The program review committee found that there needs to be more frequent verification of employment since the majority of clients are not working for a six-month period, but projections are made based on six-month periods. This is important because clients need to be re-engaged in other activities if they lose or quit their jobs and the 21-month time-limits are approaching. One way that hours could be verified is by having employees’ mail copies of pay stubs to case managers for documentation in the case file. **Therefore, the program review committee recommends:**

JFES case managers verify client employment on a monthly basis by having clients provide copies of pay stubs.

In addition to the challenge of doubling the number of JFES participants engaged in 30 hours of work activities per week, additional work verification requirements became effective on October 1, 2006. The new work verification requirements mandate a significant increase in tracking and reporting actual hours of daily participation for every activity of every participant. The penalty for failure to establish or comply with verification procedures ranges from 1 percent to 5 percent of a state's TANF block grant depending on the severity of failure.

Depending on the WIB region, subcontracted JFES case managers' individual caseloads, range from an average of 125 to 175 per case manager. *The committee finds in order to more effectively meet the new verification requirements, as well as engage 128 percent more clients in countable activities, additional case management resources are needed.* Caseload ratios could be brought down to July 2002 levels when average caseload size was 110 clients per case manager. The program review committee estimates \$1.4 million (\$45,000 x 32 new case managers) would be needed to lower caseloads to that level. According to DOL, that is the starting salary of a case manager. The committee calculated this as follows:

- Estimated total caseload = 9,000/110
- Recommended caseload size per manager = 110
- Total number of case managers needed = 82 (9,000/110)
- Estimated increase in case managers = 32

Monitoring of JFES Performance

Responsibility for JFES was transferred from DSS to DOL in 1997 (and was then called the Jobs program). The Department of Social Services was mandated under P.A. 95-194 to collect data from each job training and placement service funded by DSS and serving TFA recipients for the purpose of assessing the success of job placement services in assisting a recipient of either such program to attain self-sufficiency. The data required to be collected included, but was not limited to:

- the number of clients served;
- the number of clients placed in jobs;
- types of job training received by recipients and if such training led to employment;
- cost-effectiveness of job training;
- types of jobs obtained by recipients;
- salary and benefits of those jobs obtained; and
- length of time those jobs were held.

This statutory requirement still exists, although DSS is not collecting or evaluating such information. The committee believes that this responsibility should have been transferred to DOL when the Jobs program (later renamed JFES) was moved from DSS to DOL in 1997. **Therefore, the committee recommends:**

Sec. 17b-698 be amended to transfer the responsibility of evaluating job training programs funded by the Department of Labor from the commissioner of the Department of Social Services to the commissioner of the Department of Labor.

Outcomes reported by other sources. Connecticut's current workforce development system evolved from federal job training programs established in the 1960s for dislocated and disadvantaged workers. Currently, the system includes federal, state, and local programs aimed at helping people find employment and ensuring that employers have a skilled workforce. The Connecticut Department of Labor is the lead agency in administering and overseeing the funds and programs that are offered.

In terms of JFES clients, several funding sources are used to support the overall goals of welfare reform. These include funds available from:

- The TANF Block Grant;
- Workforce Investment Act; and
- Wagner-Peyser Act (federal legislation that provides assistance to job seekers through placement and job assistance services).

Depending on the source of the funding, there are different requirements in terms of program outcome monitoring. In addition, monitoring of the system occurs at several levels across multiple agencies and advisory groups, including the Department of Labor, the Connecticut Employment and Training Commission (CETC), the Workforce Investment Boards, and the programs themselves. A brief summary regarding how each of the entities monitors JFES outcomes and the type of reports produced is now discussed.

WIA compliance reviews. The Connecticut Department of Labor WIA Program Manager conducts compliance reviews, evaluating the performance of the WIBs. Client satisfaction surveys, currently carried out by the UConn Roper polling center, are mandated by WIA. Telephone surveys gather information from both program participants and employers, completing the American Customer Satisfaction Index based on responses.

The WIA program staff also conduct client file reviews, monitoring case managers for accuracy, completeness of information, timeliness, and conformance with JFES policy and procedures. Corrective action plans to address deficiencies are submitted by WIBs as necessary. Written reports identify any noncompliance, corrective actions and best practices that should be incorporated by the contractor. Evaluation results, including follow-up results of required corrective actions, are contained in annual reports. The review is primarily a paper audit that ensures the process has been followed, rather than one that examines program outcomes.

Results from a review of 47 case records by WIA staff during FY 05 found an 81 percent full compliance rating, indicating that the majority of JFES client records reviewed had complete information and conformed to JFES policies and procedures. The few compliance issues singled out included:

- missing occupation code;
- estimated rather than actual start date for an activity; and/or
- missing normal scheduled hours worked for unsubsidized employment activity.

Welfare-To-Work monitoring of WIB performance measures. WIA requires states to evaluate program success using certain core performance indicators. WIBs develop and evaluate the following performance measures in contracts with providers: the number of people entering training, receiving a license, or other certificate; obtaining a high school diploma or GED; finding a job; keeping a job for six months; and earnings change after six months of employment. Because of the client overlap between WIA and JFES, and serving JFES clients at One-Stops, which are a part of WIA, similar performance measures are required by DOL for JFES clients.

For FY 07, DOL's contract with each WIB contained the following six performance measures for placing and retaining JFES clients in employment (referred to as "Entered Employment Benchmarks"):

- 50 percent of JFES clients shall enter unsubsidized employment (was 40 percent in FYs 04-06);
- 50 percent of JFES clients employed during the current fiscal year (could have entered employment in the previous fiscal year) shall have gross monthly earnings equal to or exceeding \$633 a month, which is the amount of cash assistance received by a family of three in DSS rent Region B (monthly payment standard for TFA plus \$90);
- At least 25 percent of employed JFES clients shall have gross monthly earnings equal to or exceeding the Federal Poverty Level for a family of three;
- At least 60 percent of employed JFES clients will retain their jobs for a minimum of 13 weeks;
- At least 35 percent of employed JFES clients will retain their jobs for a minimum of six months; and
- At least 40 percent of JFES clients who left TFA employed shall attain a minimum 10 percent increase in wages in the second full quarter following exit from TFA.

Additionally, the WIB contracts with DOL have a performance measure that requires at least 60 percent of JFES clients to be enrolled in TANF work activities that can be counted toward the federally required work participation rate (it was 50 percent of JFES clients in FYs 02 through 06).

Assessing progress on whether these performance measures are being achieved is difficult because this information is not reported annually and in a timely manner by DOL in any statewide reports. The DOL Welfare-to-Work Unit, however, recently released performance data on the WIB contract employment benchmarks for FY 05. As shown in Table XI-4, five of the six employment benchmarks were met in FY 05 (Note that the percents required in FY 05 for the first and last benchmarks are slightly lower than the percents that will be required in FY 07).

Additionally, the Welfare-To-Work Unit reported that 47.5 percent of FY 06 JFES clients served by the five WIBs were in activities that counted toward the federally required work participation rate, a figure very close to the performance goal in the FY 06 WIB contracts of 50 percent.

Other Reporting Activities

Annual report. Another report produced by DOL that measured JFES client outcomes was released in FY 04 and entitled “Annual Welfare To Work Report.” The report noted the following:

- JFES cost \$1,037 per participant in FY 04 (and totaled \$15,040,648 for all 14,504 participants);
- Of 14,504 time-limited clients served in FY 04, a total of 41 percent were employed while on JFES; and
- Of these 5,937 time-limited clients who were employed while on JFES, almost half (45 percent) were working when they entered TFA.

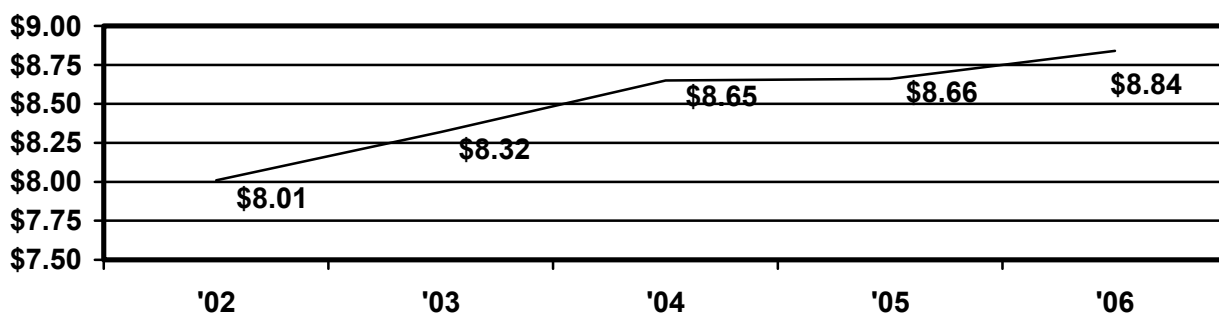
Table XI-4. JFES Employment Benchmarks and Outcomes for FY 05		
<i>Benchmark</i>	<i>Outcome</i>	<i>Was Benchmark Met?</i>
40% enter unsubsidized employment	63.8%	√
50% of employed clients with gross earning of at least \$633 monthly/\$7,596 annually (TFA payment standard + \$90)	65.3%	√
25% of employed clients with gross earnings at or above the Federal Poverty Level (\$1,305 monthly/\$15,660 annually in 2004)	31.4%	√
^a 60% of (newly) employed clients retain job at least 13 weeks	78%	√
^b 35% of (newly) employed retain jobs at least 6 months	57.7%	√
^c 40% of clients who left TFA employed attain at least a 10% wage increase within six months of exit	29.5%	X
^a Using the DOL Earned Wage Data Base, calculated as percent employed in two consecutive quarters for those who entered employment between April 2004-March 2005 ^b Using the DOL Earned Wage Data Base, calculated as percent employed in three consecutive quarters for those who entered employment between January 2004-December 2004 ^c Using the DOL Earned Wage Data Base, calculated as those who had a 10% increase between the first and second quarters following exit from TFA in FY 05 Source: Welfare-to-Work Department of Labor		

Monthly DOL monitoring of case flow and activity. Another unit within DOL, the Performance Measurement Unit, produces monthly assessments of JFES clients called, “At-A-Squint” reports. These reports contain information about enrollment in employment activities, total clients employed, hourly wage, and number of JFES participants earning above the TFA

payment standard and federal poverty level. In the June 2006 report, for example, 28.9 percent of JFES clients were employed, with an average hourly wage of \$8.84. This percent reflects a gradual decrease of employed JFES clients from the 32 percent employed in June 2002, although Figure XI-3 shows the gradual increase in average hourly wage during that same time period.

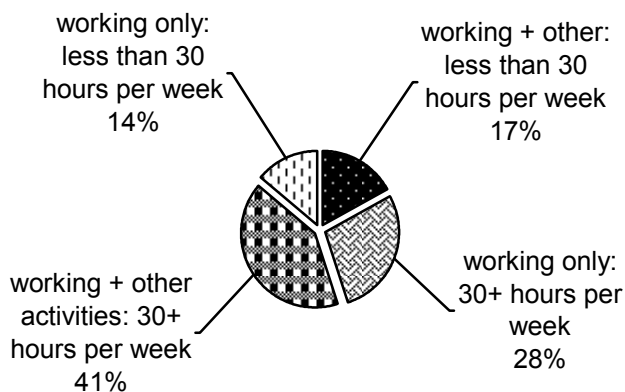
In preparation for the increased federal work participation rates, DOL has identified and will be working toward increasing employment hours for JFES clients who are currently employed, but for not enough hours to be included in Connecticut's work participation rate. Figure XI-4 shows that approximately one-third of the JFES clients who are working are excluded from the work participation rate because of an insufficient number of work or other countable hours. Overall, just under three-quarters of JFES clients working are employed for less than 30 hours per week.

Figure XI-3. Average Hourly Wage for JFES Clients



Source: CT DOL At-A-Squint Reports

Figure XI-4. Hours Worked by Employed JFES Clients¹



¹N=2,671 JFES clients employed in December 2005

Source: CT DOL Welfare-To-Work Manager

Connecticut Employment and Training Commission

The Connecticut Employment and Training Commission is responsible for overseeing and improving the coordination of all education, employment, and training programs in the state in addition to serving as the state workforce development board required under WIA. It is also required to develop and update the state's workforce development plan that includes state performance measures.

CETC reporting. C.G.S. Section 31-3bb requires that employment outcomes for all employment and training programs be reported annually, including the outcomes for the JFES program. The Connecticut Employment and Training Commission is charged with conducting an annual inventory to gather this information, six of which have been produced since 1998. Published as the "Report Card," the report links programs with employment-related outcome information obtained from the Department of Labor.

Federal reports on welfare leavers. Information on the 15,846 TFA cases that closed in FFY 04 is published on the U.S. Department of Health and Human Services Administration for Children & Families Office of Family Assistance website. The reasons for case closure are shown in Table XI-5. Approximately one-quarter left because they had exhausted their time on the state counter, and a handful had exhausted their lifetime maximum of 60 months. Almost one in five left because they had failed to cooperate, or had been sanctioned off of TFA. Only 11.9 percent left because they had secured employment that exceeded the allowable earnings limit. Despite the goal of encouraging the formation and maintenance of two-parent families, the Office of Family Assistance reports that no one left TFA due to marriage.

Table XI-5. TFA Case Closure Reasons in FFY 04		
<i>Reason</i>	<i>Number</i>	<i>Percent</i>
State Time Limit	3,756	23.7%
State Policy	2,329	14.7%
Transfer to MOE	2,329	14.7%
Employment	1,886	11.9%
Failure to Cooperate	1,806	11.4%
Voluntary Closure	1,268	8.0%
Sanction	887	5.6%
Federal Time Limit	48	0.3%
Marriage	0	0%
Other	1,537	9.7%
Total	15,846	100%
Source: U.S. Department of Health and Human Services		

Additional monitoring and oversight occurs via the TANF Advisory Council through review of quarterly reports, and DSS through its many EMS-generated reports.

With additional resources provided for case managers, the committee believes that the performance of each WIB needs to be more closely assessed by DOL in terms of fulfilling the performance measures in its contract and obtaining successful employment outcomes for clients.

In addition, an in-house resource, the Wage Database, is rarely used by WIBs to obtain meaningful information about what leads to success (earned income) for JFES clients. Currently, the program review committee finds that wage data is not provided to WIBs on an individual client basis, information that is needed to assess the effectiveness of various programs. **To remedy this, the committee recommends:**

Access to the earned wage database reported by employers to the Department of Labor shall be provided to the Workforce Investment Boards so that they are able to provide outcome information as required by law.

Differences in outcome results. The program review committee compared several reports that provided data on JFES employment, retention, and wages, and identified several differences among the data depending on the entity reporting it. One reason for these differences is because the entities assessing JFES outcomes have dissimilar reporting time-frames and include other client populations in their measurements. The definitions among similar outcomes also vary by reporting entity.

The CETC Report Card, for example, defines the percent of JFES clients who “entered employment” by looking at the number of program completers for whom there is evidence of wages earned in Connecticut *in the first quarter* following program completion. The Department of Labor, on the other hand, measures employment as the number of JFES participants *who entered employment during the program fiscal year*.

An additional challenge is that the Department of Labor wage database information for all residents employed in Connecticut lags behind by approximately three months due to the employer submission process and quarterly summarizing and reporting of this information. Also, because WIBs are currently limited to aggregate rather than individual client wage data, they are unable to evaluate outcomes for particular programs or initiatives.

These differences in measurement and definitions are of particular concern to the committee and are evident in the following attempt to assess how many JFES clients are “employed.” Using a program fiscal year of July 2003 to June 2004, for example, CETC reported that after leaving TFA: 58.5 percent of JFES clients entered employment; and 80 percent retained employment for six months. They reported that the average weekly wage was \$238.53, or \$12,403 annually. In contrast, the DOL June 2004 At-A-Squint report cited that 31 percent of current JFES clients were employed, with an average hourly wage of \$8.65.

The Connecticut Employment Training Council defines the percent of JFES clients who “entered employment” by looking at the number of program completers for whom there is evidence of wages earned in Connecticut in the first quarter following program completion. The Department of Labor, on the other hand, measures “employment” as the number of JFES participants who entered employment during the program fiscal year. The program review committee found that benchmarks being used by the state to examine JFES client employment includes JFES clients who have even \$1 of earnings in a quarter as employed. This would increase success rates and not give an accurate picture of what is really occurring. Therefore, **the committee recommends:**

The Department of Labor should develop a reasonable definition of employment that will fairly measure the number of JFES clients employed in a given wage quarter and whether they have retained employment in subsequent quarters. The definition should include the length of time a client must be working to be considered employed and the amount of wages a client must have earned in a particular quarter.